CHAPTER 1

BECOMING A MANAGER

CHAPTER LEARNING OBJECTIVES

After studying this chapter, you should be able to do the following:

1.1 Define the concept of management.

1.2 Explain the management process: planning, organizing, leading, and controlling.

1.3 Trace the development of management theory, noting key milestones for each decade.

1.4 Demonstrate understanding of managerial roles by providing examples.

1.5 Explain the three types of managerial behaviors.

1.6 Define the three skills managers need to be successful today.

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What Managers Do

The work managers do may be a bit unclear to you at this point. A manager's job contains a wide variety of activities. Darko Butina, chief growth officer at the software company Netcetera, lists 10 important things managers do. He also offers best practices on how to execute them. Here is the list:

1. **Know your customers.** A manager must keep an eye toward the needs of their customers to meet organizational goals. Through knowledge of customer preferences, the manager changes products and services to better meet their needs, and this makes the organization successful.

   Best Practice 1: A manager must gain feedback from customers often. It is important to ask them about their customer experience and listen to their answers carefully. In other words, managers should resist the temptation to try to convince customers of the superiority of their organization's products or services; managers should simply listen. Managers should determine who their customers are and why they use the organization's products or services, then create an overview of customer demographics and preferences after listening to the customer experience.

2. **Know your products and services.** To be effective leaders, managers need to know what their organization does. This may be relatively simple for a small business with only one or two products or services. For a large conglomerate organization, however, there may be hundreds of products or services offered.

   Best Practice 2: A manager should purchase and use the services and products of their organization and play the role of a customer. By experiencing the entire process that customers go through, the manager will learn how customers see the organization and how they are treated by employees.

3. **Know your company and its processes.** Managers must be familiar with the organizational structure and procedures for making improvements. Most organizations have mission statements as well as policies-and-procedures manuals that the manager must review.

   Best Practice 3: A manager should read all the written policies and procedures of the organization—including its structure and operating procedures. Next, a manager should talk to employees and get to know how the policies and procedures are viewed and implemented (or not implemented). Some policies become outdated and are no longer useful. By talking to employees, a manager is now able to create successful changes to existing policies, because they understand them well enough to learn where improvements can be made.

4. **Prepare your business plan.** A manager needs to establish the organization's position at the current time as a starting point, then explain where the organization should be in the future (one month to three years). A manager must be able to describe how the organization will reach these business goals. This keeps employees' focus on the big picture and on actions that move the organization forward toward success.

   Best Practice 4: A manager should try not to use the term *business plan* with employees, since they do not require a long, complicated report that must be read and memorized. A manager should be able to explain where the organization is currently, where it is going in the future, and how the employees can help it get there. If the manager knows the organization's customers (Best Practice 1) and products and services (Best Practice 2), then putting together the business plan without the help of employees should be straightforward.

5. **Monitor and control.** Managers need to know where employees and the organization are in terms of meeting goals at all times. When a manager knows this, they can make the best decisions.

   Best Practice 5: Managers should be sure that checks and balances in the organization are in place to generate timely and relevant information. Managers should also be clear about the types of reports they need to read.

   For example, a manager may request marketing research reports on how well customers like products and services. Another example is a report on proposed budgets that includes actual costs. Also, the manager should tell the analysts how often they need each report. Be careful not to misuse analysts' time; focus on the reports you need. And don't fall prey to TMI ("too much information"), which will make it more difficult to see the big picture.

6. **Decide and act.** A manager's job is to make decisions. The higher a manager rises in the hierarchy of the organization, the more decisions they must make.

   Best Practice 6: Managers should not procrastinate and remain undecided for too long. Sometimes the decision to "do nothing" and stay in place is better than risking a bad decision. Decisions can always be reviewed again in the future. The decision to change or not change is a large one, and must be made carefully, without taking unnecessary chances.

7. **Inform.** Managers must always explain the reasons for their decisions to employees. Employees respond positively when they are "in the know" about organizational changes. When employees understand the reasons for change, they are more willing to support them.

   Best Practice 7: Managers should share information with employees. Employees need to know how the organization is performing, its standing in the industry, and changes that are going to happen. When employees know where they stand, they will likely respond with increased motivation and ideas on how to make improvements.

8. **Manage people.** A manager should keep in mind that organizations are created because a single person cannot produce a product or service by themselves. People must work together to achieve the organization's goals. The role of a manager is to coordinate the efforts of individuals and teams to ensure organizational success.

   Best Practice 8: A manager should be sure decisions are consistent and transparent and employees are informed. When a manager does this, employees are willing to follow the manager's leadership.

9. **Manage the relationship with the organization's owners/shareholders.** A manager must also look upward to address the owners (in a small business) or shareholders (in a corporation). Managers are often so involved with day-to-day operations that they forget that owners/shareholders have expectations, not only in terms of profit but also in terms of social responsibility. A manager must line up their goals with those of the owners of the company; the manager's plans must help the owners meet their goals.

   Best Practice 9: A manager should remember that owners are not the enemy. After all, they are the ones who will reward the manager for success. They are human beings too, and a manager should take the time to build positive relationships with them. This becomes more and more important as a manager is promoted to higher ranks in the organization.

10. **Keep focus.** Managers can't become overwhelmed with solving daily operations problems. They must keep their focus on the future and where they are taking the organization. This is a key to success.

    Best Practice 10: A manager should read their business plan every month. This will make it possible to adjust priorities in a timely way and maintain the focus on successful execution in the short term to ensure long-term success.

According to Butina, if managers execute these best practices, they are on their way to a successful career.

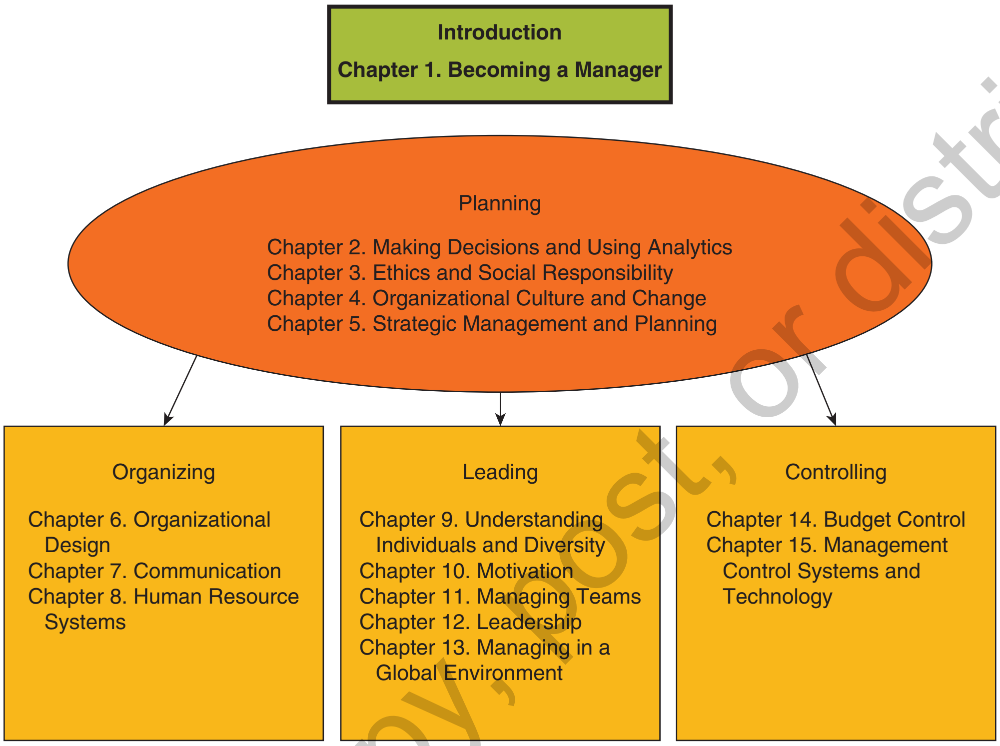
Source: Adapted from Butina, D. (2014). What managers do: 10 key activities you need to master as a manager. Retrieved from https://www.linkedin.com/pulse/20140428100850-921823-what-managers-do-10-key-activities-you-need-to-master-as-manager/.

As the list above suggests, the tasks of a manager are varied and challenging. This list is a great start to understanding what managers do, and this book will outline more best practices in every chapter. The goal of this book is to help you become an effective manager. After reading this book, your approach to managing others will be grounded in the most important and current research conducted on organizations.

First, let's look at definitions of management and how the concept has evolved over time.

▼ FIGURE 1.0

Textbook Organization



What Is Management?

Learning Objective 1.1: Define the concept of management.

Management is defined as efficiently and effectively coordinating the planning, leading, organizing, and controlling of an organization department or function so that the outcome(s) contribute to meeting organizational goals and objectives. **Efficiency** can be thought of as "doing things right" with respect to maximum utilization of the organization's resources to attain its mission. To be efficient means to use resources (e.g., people, money, raw materials) wisely and cost-effectively. **Effectiveness** has to do with "doing the right things." To be effective means to achieve results, to make the right decisions, and to successfully carry them out so they achieve the organization's goals. In other words, the organization must have a **mission**, or overall goal, that fits its competitive environment and resources. For example, an organization could produce an obsolete product that no one wants to buy very efficiently and at low cost. However, this is not effective, because there is no longer a market for the product. Effectiveness is the concern of the top management team, and efficiency is typically the responsibility of operating managers on the front line.

The management process of planning, organizing, leading, and controlling is described next.

The Management Process

Learning Objective 1.2: Explain the management process: planning, organizing, leading, and controlling.

Originally identified by Henri Fayol as a five-part process comprising planning, organizing, command, coordination, and control,[1] management is now commonly viewed as encompassing four essential management functions: planning, organizing, leading, and controlling (*command* and *coordination* have been combined into *leading*). This process is summarized in Figure 1.1. Each of these aspects of the management process is described in the following sections. This textbook is organized around these four functions of management.

Planning

One of a manager's chief roles is developing plans to meet organizational goals and objectives. This involves knowing how to allocate resources and delegate responsibilities, but also having the ability to set realistic goals and timelines for completion. Planning requires managers to continually check on their team's progress and make adjustments when necessary while still maintaining a sense of the big picture (mission) of the organization's strategy. The **planning** function consists of working to determine which responsibilities must be given to which employees, setting priority levels for certain tasks, and creating timelines for task completion.[2] However, communication with others also plays an important role. For example, managers must plan to discuss short-term and long-term goals each time they meet with their top management team, as well as when they communicate the specifics of a new project to their team, and during periodic check-ins to ensure project goals are being met on time.

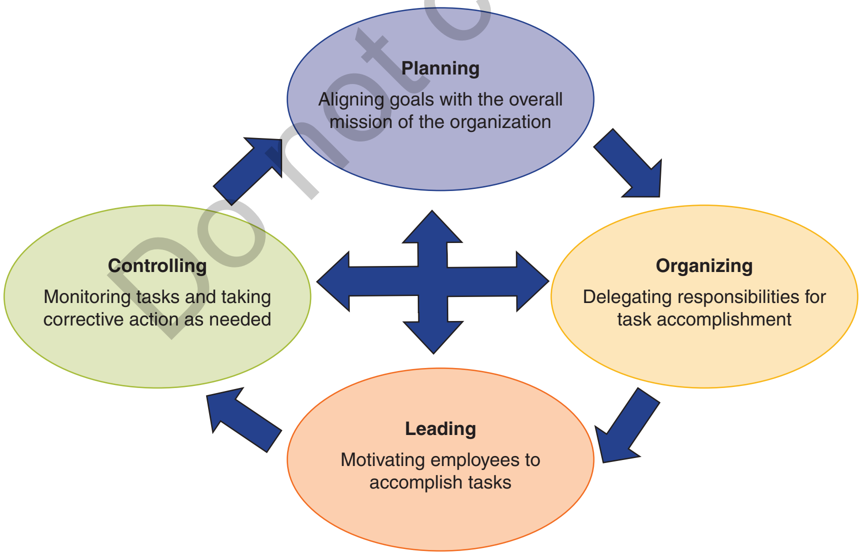
Organizing

Following the planning phase, a manager's **organizing** skills are essential in making sure the organization runs smoothly. These skills involve managing the internal processes and structures, such as assigning employees or teams to specific tasks and keeping everyone and everything on track throughout daily operations. Organizing is one of the most important functions of management.

The organization function isn't just about making sure employees have what they need to accomplish their jobs. Managers also need to be able to reorganize in response to organizational change. This could come by slightly adjusting the timeline for a project or reallocating some tasks from one team to another, or it could mean significant reorganization in response to organizational change.

▼ FIGURE 1.1

The Management Process



Source: Adapted from Fayol, H. (1948). Industrial and general administration. London, UK: Pitman. (Original work published 1916).

Leading

The **leading** process occurs when managers command their team, not only through daily tasks but also during periods of significant change. It involves projecting a strong sense of direction and leadership when setting goals. Managers must communicate to their followers about new processes, products, services, or policies. Leadership can manifest itself in a number of ways, from recognizing when employees need praise for good work and providing rewards to conflict resolution. Leading involves being fair and distributing praise and rewards equitably. While good leadership entails a focus on the big-picture mission and vision of the organization, it also includes providing one-on-one attention by supporting and encouraging each direct report.

Controlling

To ensure that the organization runs smoothly and that work is done optimally for the organization's success, managers must constantly monitor employee task performance, team performance, and operational process efficiency, assessing the quality of all. The **controlling** process relates to the efficiency part of management mentioned above. Quality control ensures that the goals of the organization are being met, and managers must take corrective action when they are not. Controlling involves comparing the team's work to standards and addressing any corrections that need to be made. The controlling function also includes monitoring the financial health of the organization through budgetary, management, and technical controls.

CRITICAL THINKING QUESTIONS

Which of the four parts of the management process do you think is the most important? Why? Can you think of other processes that are part of management?

A Brief History of Management Theory

Learning Objective 1.3: Trace the development of management theory, noting key milestones for each decade.

Figure 1.2 shows a timeline indicating some of the big ideas that have radically changed management practice. While many other theories emerged during the time period shown, the figure highlights one key idea per decade to provide an idea of the shifts taking place in management thought. The timeline ends in the year 2010, because management historians need time to assess the influence of management theories on practice, a process which may take decades.

Early Management Theories

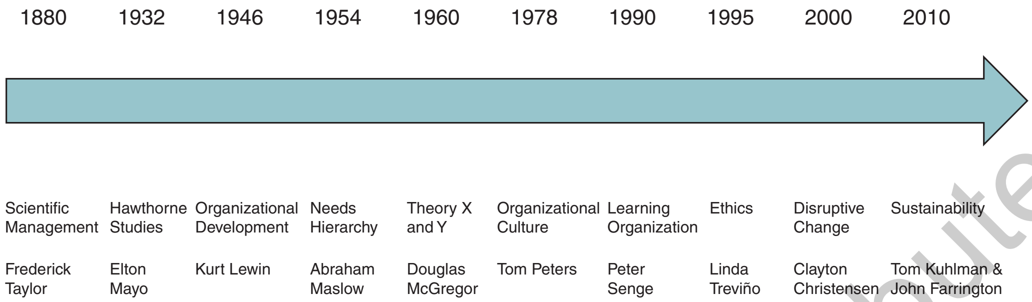
As shown in Figure 1.2, management theory began with an analytical approach known as **scientific management**. This approach was the study of how workers moved as they performed their work to improve productivity. In the 1880s, a mechanical engineer named Frederick Taylor began timing workers at the Midvale Steel company near Philadelphia, Pennsylvania, to assess their rate of output. Taylor became one of the first management consultants and focused on the efficiency of production. Taylor summed up his techniques in his 1914 book *The Principles of Scientific Management*,[3] which many management scholars consider to be the most influential management book of the 20th century.[4] During this period, managers were elevated in status, and the role of workers' individual responsibility was minimized. Other scientific management theorists followed and extended Taylor's work, including Frank and Lillian Gilbreth, who focused on time-and-motion studies of workers.

Management practices became known as "Taylorism," which continued to study how work could be designed to make production (particularly on assembly lines) more efficient.[5]

Mary Parker Follett was a key organizational theorist during the early development of management thought. She was educated at the University of Cambridge and Radcliffe, and her

▼ FIGURE 1.2

Milestones in Management Theory



Sources: Adapted from A timeline of management and leadership. (2016). Retrieved from http://www.nwlink.com/~donclark/history_management/management.html; Kirby, J. (2010). The decade in management ideas. *Harvard Business Review*. Retrieved from https://hbr.org/2010/01/the-decade-in-management-ideas.

thesis was published in 1896. She later applied to Harvard but was denied admittance because she was a woman.[6] She was the first to write about integration across management functions in hierarchical organizations. This work later led to the development of matrix organizations, which you will learn about in Chapter 6. Instead of believing authority to be granted by bureaucracy, as advocated by the German theorist Max Weber, Follett considered authority to be based on expertise. In other words, she argued that a person can gain power in an organization by becoming an expert rather than being limited by their rank in the organization. You might notice this in places you work, or even in your student groups. Just because somebody has a title does not necessarily mean they are the "expert," or the person people go to for help and information. Follett is considered to be the "mother of modern management."[7] She promoted the idea of reciprocal relationships in understanding interactions between people in organizations. She believed in "integration," or noncoercive power-sharing, as her basis for the concept of "power with" rather than "power over."[8]

Mary Parker Follett, the mother of modern management.

http://www.vectorstudy.com/management_gurus/mary_parker_follett.htm/Wikimedia Commons/CC BY-SA 2.5/https://creativecommons.org/licenses/by-sa/2.5

Following the work of early organization theorists such as Taylor and Follett, the human-relations movement[9] was ignited by studies conducted between 1927 and 1932. The human-relations approach led to a focus on the role of human behavior in organizations.

The Hawthorne studies were two studies conducted by Australian-born psychologist Elton Mayo at the Western Electric Company near Chicago.[10] Mayo spent most of his career at Harvard University and was interested in how to increase productivity in assembly lines. The first study was designed to examine the effects of lighting in the plants on worker productivity. Although quite simple by today's standards, the study produced some unexpected findings. Productivity increased rather than decreased even though the lights were being dimmed. Perplexed by this finding, the research team interviewed the workers and learned that the workers appreciated the attention of the research team and felt they were receiving special treatment. In another unexpected twist, productivity declined after the researchers left the plant. This has been called the **Hawthorne effect** and refers to positive responses in attitudes and performance by employees when researchers or other observers pay attention to them. Do you find that you perform better in class when the teacher pays attention to you or compliments you on a good answer?

The second Hawthorne study was designed to investigate a new incentive system. Once again, the results took the researchers by surprise. Instead of the incentive system increasing workers' production, social pressure from peers took over and had more impact on worker productivity than pay increases. Workers formed into small groups and set informal standards for production, requiring coworkers to reduce their production so pay was more equal among the group members.

Thus, the Hawthorne researchers concluded that the human element in organizations was more important than previously thought, and they learned that workers want attention. As a student in the 21st century, you might not be terribly impressed by these findings. Ironically, that understandable reaction can be viewed as evidence of the Hawthorne studies' impact on the working world. The importance of human factors in the workplace is now viewed as common sense, but this was not the case at the time of the studies. Employment as we know it today was in its relative infancy in 1924. In the centuries leading up to the Hawthorne studies, voluntary, organization-based employment competed with serfdom, slavery, indentured servitude, subsistence farming, and other labor systems that generally viewed workers in the way we now view machines. Even as these gave way to more humane employment arrangements, it took the Hawthorne studies to help society break its old habits.

The phrase "there is nothing as practical as a good theory" has been attributed to social psychologist Kurt Lewin. Lewin's work gave rise during the 1940s to the field of **organizational development (OD)**, in which theories from psychology are applied to the workplace to help managers solve problems. Lewin's work on **field theory** emerged as an important framework for the implementation of organizational change and remains in use today. Field theory examines the forces that are driving change and then compares them to the forces that are restraining change. For example, competition from another company for an organization's products might drive change. Customers may want new products that require an upgrade to factory equipment. This change will also reduce training time and maintenance costs. However, restraining forces may be the cost of overtime and employees' resistance to change due to fear of the new technology needed.

During the 1950s, an important idea was developed by Abraham Maslow known as the hierarchy of needs.[11] You will learn more about this theory of motivation in Chapter 10.

In the 1960s, as the field of management was developing, researchers began to examine the basic assumptions managers hold regarding their employees. This research resulted in two fundamental orientations managers may have toward their followers—Theory X and Theory Y. The next section provides an overview of this approach to understanding managers' underlying beliefs and what impact this has on their management style.

Theory X and Theory Y

Managers have a strong influence on employees. But some managers engage in behaviors that decrease employee performance. One of the reasons managers do this is that they hold subconscious assumptions regarding employees' willingness to work hard. An important theory on this topic emerged in the 1960s, suggesting that managers' assumptions regarding their followers' motivation affect the way they treat them. If managers assume followers are lazy and will perform poorly, they will treat them in ways that control their behavior and decrease creativity. In contrast, if managers assume followers are smart and motivated, they will allow them to participate in decisions and give them goals that stretch their talents. This theory describes two sets of leader behaviors related to these assumptions—Theory X and Theory Y.

One of the most influential books in management is *The Human Side of Enterprise* by Douglas McGregor.[12] This book is important because it presented the idea that leader behaviors are influenced by fundamental assumptions and beliefs about human nature. Most managers are not aware of their underlying assumptions; thus, their influence on behavior is pervasive, yet hard to detect. Have you ever entered a situation expecting certain behaviors from certain people, and did that influence how you behaved and treated those around you?

These assumptions are divided into pessimistic (Theory X) and optimistic (Theory Y) views of human nature. **Theory X** leaders assume that people are basically lazy, don't like to work, and avoid responsibility. Related manager behaviors include being directive, engaging in surveillance, and being coercive. In contrast, **Theory Y** leaders assume people are internally motivated, like to work, and will accept responsibility. Related manager behaviors include allowing discretion, inviting participation, and encouraging creativity on the job.

Although McGregor proposed Theory X and Y over 55 years ago, most quantitative research did not emerge until relatively recently. However, research findings on these managerial assumptions are interesting. For example, one study showed that Theory Y assumptions are more related to participative decision-making by leaders. In other words, if you believe your employees enjoy work and take responsibility, you will ask for their input in organizational decision-making.

Further, participative decision-making is actually perceived as a threat by Theory X managers because it reduces their power. Theory Y managers view participation differently and see it as a positive influence on their power and effectiveness.[13]

Another study of 50 military leaders and 150 of their followers found that the Theory Y management style was significantly and positively associated with subordinates' satisfaction with the leader, organizational commitment, and organizational citizenship behaviors. The Theory X management style had a significantly negative impact on subordinates' satisfaction with the leader, but no significant impact on commitment to the organization and organizational citizenship behaviors (that is, behaviors that employees engage in that go above and beyond their job descriptions).[14] The findings of this study in the military environment are interesting because they suggest that Theory Y relates to satisfaction but may not always relate to commitment and performance. The authors concluded that Theory X/Y assumptions provide unique insights into leadership behavior and outcomes.

In this textbook, you will be challenged to think critically about the theories and approaches presented. Theory X/Y is no exception. Over the years Theory X/Y has been criticized for being too simple and not considering the situation leaders and followers find themselves in.[15] For a long time, research was also hindered because good measures of Theory X/Y did not exist. However, Richard Kopelman and his associates have developed a measure of Theory X and Theory Y that shows promise for the valid assessment of these diverse management philosophies.[16] Their measure appears in the Toolkit at the end of this chapter (Self-Assessment 1.1), and you can learn about your own Theory X and Y assumptions by completing it. Despite its critics, McGregor's book *The Human Side of Enterprise* was voted the fourth most influential management book of the 20th century in a poll of top management scholars.[17] McGregor's theory continues to hold an important position in management theory due to the implication that it is important for leaders to understand their subconscious fundamental assumptions about how human beings relate to work.

CRITICAL THINKING QUESTIONS

Give an example of how Theory X or Y assumptions influence how a manager treats an employee. Do you think most managers today are Theory X or Theory Y? Explain.

Behavioral Aspects of Management

The Hawthorne studies had a significant impact on the field of management and are considered the beginning of the application of psychology and social psychology to management problems. The 1970s saw continued growth of the human relations movement, and the field of organizational behavior emerged as a separate discipline in business schools. **Organizational behavior (OB)** is defined as the study of individuals and their behaviors at work. Behavioral aspects of management became an important focus of management research as OB scholars began to study employees' reactions to their work, such as job satisfaction. Many managers believed "a happy worker is a productive worker."

The field of organizational behavior is multilevel, drawing from applied psychology, cultural anthropology, communications studies, behavioral economics, and sociology. Some theories focus on the individual in the organization (e.g., in terms of diversity). Others focus on the group level (e.g., teams). Finally, there are theories that focus on the organization level (e.g., organizational design). This textbook will examine management from these various levels of analysis.

Organizational culture was brought to executives' attention with the publication of a 1978 book written by Tom Peters and Robert H. Waterman Jr.: *In Search of Excellence: Lessons From America's Best Run Companies*. This book is a best seller and considered a classic. To understand excellence, Peters and Waterman interviewed executives of excellent companies such as the Walt Disney Company and Procter & Gamble. They identified patterns these organizations had in common in terms of employees being loyal to particular core values. These values follow.

1. A bias for action—active decision-making and problem-solving
2. Closeness to the customer—learning from people served by the business
3. Autonomy and entrepreneurship—fostering innovation and nurturing ideas
4. Productivity through people—treating employees as a source of quality
5. A hands-on, value-driven management philosophy that guides everyday practice; management demonstrates commitment to this philosophy
6. "Sticking to the knitting"—staying with the business you know best
7. Simple form, lean staff; excellent companies have minimal headquarters staff
8. Simultaneous loose-tight properties—autonomy in shop-floor activities plus centralized values[18]

Tom Peters became one of the first "management gurus," a phenomenon that continues today. *In Search of Excellence* led to further study of organizational cultures and how they influence organizational performance through employee commitment to core values.

The Learning Organization

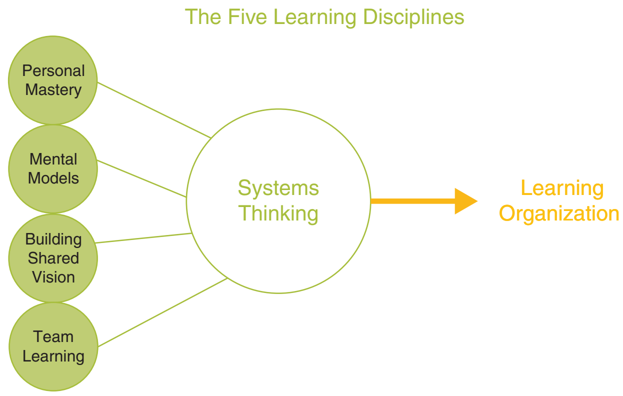
At the start of the 1990s, Peter Senge published a book titled *The Fifth Discipline*, which focused on systems thinking (using experience to help understand causes of problems, or wins, and their impact, or effect, on the whole system) and how it relates to an employee's ability to learn. In other words, if you see what the pizza looks like when it is finished and fresh from the oven, you can better visualize and learn what goes into making a successful pizza and what might need to change for the next time because you are viewing the finished product.

As the above example illustrates, organizations must be able to visualize the future and help employees execute change. By creating what is known as a **learning organization**, leaders can facilitate organizational change by having a workplace that is flexible and innovative.[19] Learning organizations are defined as "organizations where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning to see the whole together."[20] A learning organization acquires and transfers knowledge and is adept at changing employees' behaviors when such knowledge creates new insights.[21]

The five disciplines in learning organizations are shown in Figure 1.3 and described here:

▼ FIGURE 1.3

The Learning Organization



Source: Adapted from *Fifth Discipline* (Peter Senge). (2018). Retrieved from http://www.comindwork.com/weekly/2012-04-16/productivity/fifth-discipline-by-peter-senge-is-systems-thinking.

- **Personal mastery** is competence plus the discipline of continually clarifying and deepening our personal vision, of focusing our energies, of developing patience, and of seeing reality objectively.

- **Mental models** are deeply ingrained assumptions, generalizations, or even pictures and images that influence how we understand the world and how we take action.
- **Building shared vision** is the sharing of a long-term view of the future that is uplifting and encourages experimentation and innovation.
- **Team learning** is aligning and developing teams to generate results they want. People on the team act and learn together. They grow rapidly from team interactions.
- **Systems thinking** is learning from experience, understanding cause and effect. This component integrates all the others and is the fifth discipline.

Learning organizations are adept at five major activities that facilitate the acquisition and transfer of knowledge and enable employees to change their behaviors based on new insights:

1. *Systematic problem-solving.* To find solutions to their problems, learning organizations employ the scientific method (see Appendix). This method relies on data—not guesses, assumptions, or hunches—to assess problems and determine adequate solutions. By employing simple statistical tools (correlations, histograms, etc.), a company can organize and display data to make logical inferences. Systematic problem-solving is an objective activity that relies on quantifiable, measurable data rather than subjective decision-making.
2. *Experimentation.* Experimentation is an activity guided by systematic inquiry; companies must seek and test new knowledge and opportunities. This activity requires risk-taking and the freedom to think beyond the status quo to expand an organization's horizons. There are two approaches to this activity: (1) ongoing programs that focus on incremental knowledge and (2) one-time demonstration projects that test out large-scale holistic changes.

   Ongoing programs are designed to prioritize continuous experimentation. These types of tests are commonly found in workshop environments. For example, a company that produces floor wax may regularly experiment with the chemical formula to improve the product. To ensure a successful ongoing experimentation program, organizations must:

   - Prioritize a steady stream of new ideas and innovations
   - Incentivize risk-taking to get buy-in from employees
   - Ensure that managers are trained in providing structure for experiments while simultaneously encouraging and rewarding creativity

   One-time demonstration projects typically pilot a dramatic change at one site with plans to later adopt it universally. For example, imagine that a social media platform decides to overhaul its process for reviewing posts that users have reported. A one-time demonstration project could test this large-scale change with one team in one location before implementing the new process company-wide.

   These types of projects are intended to set precedent and establish guidelines for later projects. However, these experiments also present opportunities for course-correction and trial and error. Without a clear plan for transferring knowledge or expanding the program, a one-time demonstration can fail to have an impact on the organization at large.
3. *Learning from past experience.* Learning organizations must critically reflect on past outcomes. What methods worked well? Which ones failed spectacularly? By systematically reviewing their successes and shortcomings, companies can document what they've learned and share these findings with employees. At the heart of this approach is the expectation that some ideas will fail and that employees should learn from failures. For example, case studies can be created from failures. Companies can also enlist the help of faculty and students at universities. Students' internships and case studies provide opportunities for them to gain experience and increase their own learning.

4. *Learning from others*. Sometimes the best ideas come from looking outside the organization. Smart managers know that examining the practices of successful organizations can provide good ideas. This seeking out and identifying of best practices is known as **benchmarking**. Other methods of learning from others include listening to customers and hiring consultants to provide new perspectives. Listening is a key element of learning organizations. Managers must be open to hearing criticism and bad news.
5. *Transferring knowledge*. Once knowledge is generated through problem-solving, experimentation, and learning from others, it must be shared throughout the organization. Reports are one of the most common ways knowledge is shared in organizations. Knowledge transfer is also achieved through education and training programs. Written reports are often supplemented by video communications. Learning organizations also employ training and education programs to share knowledge with employees.

You may have noticed that Senge's model reflects a focus on teams and systems thinking, and the learning organization has become a metaphor for organizations that are agile and respond to rapid change. By creating a learning organization, managers can prepare employees for the challenge of change.

Ethics

In the 1980s, trading on insider information, procurement scandals in the defense industry, and the savings and loan crisis began to focus the world's attention on unethical business activities. A business ethic based on social Darwinism, also known as "survival of the fittest," was pervasive in business culture. This gave business executives license to "win at all costs."[22]

The separation of the core values of business decision-makers from ethical principles resulted in risky activities that often resulted in corporate scandals. In response to continued corporate-ethics scandals, scholars began to examine the ethical practices of businesses. Linda Treviño's work on business ethics exemplifies this research.[23] Her work began with the publication of research articles on business ethics starting in 1986. In 1995, she published a book with Katherine Nelson, *Managing Business Ethics: Straight Talk About How to Do It Right*,[24] which became a key textbook for teaching undergraduates, MBAs, and business executives about ethical decision-making. In the introduction to the book, the authors write:

> This textbook examines ethical decision-making at all levels. It describes the influences on the ethical decisions of individuals, and then examines their decisions as managers. Finally, the organizational context is considered since some organizations have cultures that encourage unethical behavior. For example, organizational leaders may encourage managers to "cheat" by falsifying numbers on sales reports to make it look like the organization is reaching its targets.

Treviño and Nelson's book, now in its fifth edition, continues to help managers focus on what is important with respect to ethical decision-making and understand what may influence their ethical behavior. Dr. Treviño's work on business ethics and her textbook had a significant impact on top management teams, corporate legal counsels, human resource directors, and managers at all levels.

Dr. Treviño's work continued after the turn of the century with the development of a measure of and research on ethical leadership.[25] Her research in the 2000s also focused on cheating in academic institutions.[26] Her review of the research concluded that cheating is prevalent and has increased dramatically in the last 30 years. However, an institution's academic integrity programs and policies, such as honor codes, can have a significant influence on students' behavior.

Corporate-ethics scandals, of course, continued after the 1990s, one of the most prominent being the Enron scandal. Enron's former president and chief executive officer (CEO)

Jeffry Skilling encouraged an organizational culture that put employees under pressure to perform. "Do it right, do it now and do it better" was his motto. A *Harvard Business Review* case study on Enron contains employee quotations such as "you were expected to perform to a standard that was continually being raised," "the only thing that mattered was adding value," and "it was all about an atmosphere of deliberately breaking the rules."[27] The Enron culture rewarded unchecked ambition, which produced strong earnings, and Enron was admired on Wall Street. But over time it became more difficult to produce results, and employees engaged in more and more unethical conduct. Enron needed to keep borrowing money and pumping up its earnings reports to keep investors satisfied so they would not sell their stock and drive the stock price down. To avoid this, Enron entered into a deceiving web of partnerships and employed increasingly questionable accounting methods to maintain its high credit rating. The company was built on a house of cards that ultimately collapsed, and investors lost millions.[28] The Enron case highlights the continued importance of ethical decision-making for managers, and you will learn more about ethics and social responsibility in Chapter 3.

Disruptive Change

As the need for rapid organizational change has become the norm in many industries, organizations increasingly require visionary transformational leaders. Research on organizational change thus emerged as a central theme following the year 2000 and continues today. One of the best-known approaches discussed the need to go beyond rapid change and understand **disruptive change**. In an important book, *The Innovator's Dilemma*, Clayton Christensen describes disruptive change as change that alters the markets for an organization's products.[29] He provides the example of digital computers that dominated the market for minicomputers but missed the personal computing (PC) market, and failed.[30] He developed a framework for organizations to follow to meet the challenges of disruptive change by assessing and aligning an organization's resources, processes, and values.[31] Resources relate to *what* the company is able to do. Processes refer to *how* the organization does what it does (interaction, communication, coordination, and decision-making). Finally, values refer to the standards by which employees set priorities that enable them to judge and prioritize decisions. For example, values help guide an employee in deciding whether an employment offer is attractive or unattractive.

Disruptive change continues today. Researchers at Princeton University examined the disruptive change due to UberX on the taxi industry.[32] Their analysis found that UberX drivers have higher productivity compared to taxi drivers when the share of miles driven with a passenger in the car is used to measure capacity utilization. On average, the capacity utilization rate is 30% higher for UberX drivers than taxi drivers when measured by time, and 50% higher when measured by miles (the study was conducted using data from major cities that had utilization data available: Boston, Los Angeles, New York, San Francisco, and Seattle). The study found that four factors likely contributed to the higher capacity utilization rate of UberX drivers: (1) UberX's more efficient driver–passenger–matching technology, (2) the larger scale of UberX compared to taxi companies, (3) inefficient taxi regulations, and (4) UberX's flexible labor supply model and surge pricing more closely matching supply with demand throughout the day. The emergence of UberX and Lyft have created a crisis for the taxi industry from which they may not recover.

UberX created a disruptive change in the taxi industry.

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In response to organizational change, the late 20th century saw a rise in studies of visionary, or transformational, leadership. Given the rate of change, employees needed leaders who could articulate a new vision for the organization and enact organizational transformation. By the end of the decade, Bernard J. Bass's full-range model of leadership had emerged as the best-researched of these approaches (you will learn more about transformational leadership in Chapter 12 of this textbook).[33]

Actually, the idea of transformational leadership dates back to a groundbreaking 1978 book by James MacGregor Burns titled *Leadership*.[34] Bass's full-range model brought the idea of a transformational leader to prominence and sparked much research on transformational leadership. In essence, transformational leadership is about motivating followers through the influence created by their admiration as well as through inspirational motivation, intellectual stimulation, and consideration for followers as individuals.[35]

Sustainability

Al Gore's 2006 documentary *An Inconvenient Truth* advanced the hypothesis that human activity, particularly human activity organized on a large scale, can cause environmental damage on a global level. This sparked a widespread social discussion of how large corporations may be contributing to deterioration of the environment. The first 10 years of the 21st century will be remembered as the decade that businesses "went green."

The concept of **sustainability** became popular in the 2010s, but it is based on a 1987 report from the United Nations World Commission on Environment and Development that defined sustainable development as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs."[36] In 2010, Tom Kuhlman and John Farrington published an article titled "What Is Sustainability?" which serves as a benchmark of the arrival of the concept in the mainstream. The authors write, "Sustainability is concerned with the well-being of future generations and in particular with irreplaceable natural resources—as opposed to the gratification of present needs which we call well-being."[37] Sustainability not only focuses on environmental impact but also consists of three dimensions—"environment," "economy," and "social well-being"—for which society needs to find balance.[38] Sustainability calls upon large corporations to have consciousness about the preservation of the planet in their decision-making.

Since 2010, major efforts have been made to induce organizations to reduce their carbon footprints and other environmental impacts. For example, many organizations have implemented recycling programs to collect paper and plastic trash and move it to local recycling centers. These efforts have been effective in terms of public relations, but it remains to be seen what impact they will have on the environment.

It is projected that the years 2010–2020 will be declared the decade of sustainability. The idea of preserving the environment existed prior to 2010, of course, but this was the decade it really took hold on organizational decision-makers and found a name in *sustainability*.[39] Many large corporations have created a top-management-team position of chief sustainability officer (CSO) to ensure that the organization is engaging in best practices with respect to the environment. According to Harvard Business School professor George Serafeim, "companies are monitoring the impact they're having environmentally and on society, and the appointment of the CSO reflects an underlying need for companies to not only monitor but also improve their performance."[40] Although the CSO role is typically related to environmental issues such as water and energy use, some companies are going further. Sustainability may now focus on improving working conditions in countries that supply raw materials and products and creating environmentally safe products.

Al Gore's documentary, *An Inconvenient Truth*.

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Of course, numerous other important management ideas have emerged throughout the decades, and they will be discussed in subsequent chapters of this textbook. The timeline outlined in this section serves to highlight some of the more important ideas that shifted thinking in management.

Managerial Roles

Learning Objective 1.4: Demonstrate understanding of managerial roles by providing examples.

An important framework for understanding the nature of managerial work emerged from the work of Henry Mintzberg,[41] who observed and analyzed the activities of the CEOs of five private and semipublic organizations in Canada. His goal was to focus on the day-to-day reality of what managers do. To describe the work of a CEO, Mintzberg first identified six characteristics of the job:

1. CEOs process large, open-ended workloads under tight time pressure—a manager's job is never done.
2. Managerial activities are relatively short in duration, varied, fragmented, and often self-initiated.
3. CEOs prefer action and action-driven activities and dislike paperwork.
4. CEOs prefer verbal communication through meetings and phone conversations.
5. CEOs maintain relationships primarily with their subordinates and external parties.
6. CEOs' involvement in the execution of the work is limited, although they initiate many of the decisions.

Based on his study, Mintzberg also identified 10 managerial roles, which are summarized in Table 1.1 and described in the following sections.

Interpersonal Roles

Interpersonal roles are managerial roles that involve providing information and ideas.

- **Figurehead**. Managers have social, ceremonial, and legal responsibilities. They're expected to be a source of inspiration. People look up to a manager as someone with

▼ TABLE 1.1

Mintzberg's Managerial Roles

Role category	Role type	Role nature
Interpersonal	Figurehead Leader Liaison	Representing an organization and performing ceremonial duties Motivating subordinates to achieve their goals and objectives Maintaining horizontal chains of communication
Informational	Monitor Disseminator Spokesperson	Collecting information concerning the organization and short-listing relevant information Sharing relevant information with subordinates Maintaining protocol and sharing information with outsiders
Decisional	Entrepreneur Disturbance handler Resource allocator Negotiator	Focusing on innovation and change within the organization Managing conflict by taking corrective action Optimizing resource allocation to different competing needs within the organization Representing an organization in all major negotiations

Source: Adapted from Mintzberg, H. (1973). *The Nature of Managerial Work.* New York, NY: Harper & Row, pp. 92–93.

authority and as a role model. For example, the CEO of a company may appear in a commercial for an organization's products.

- **Leader**. This is where managers provide leadership for their team, their department, or perhaps their entire organization, and it's where they manage the performance and responsibilities of everyone in the group. For example, a manager might provide performance appraisals to his direct reports.
- **Liaison**. Managers must communicate with internal and external contacts. They need to be able to network effectively on behalf of their organization. For example, a manager might attend a networking event at her alma mater to make business contacts.

Lei Jun, CEO and co-founder of Xiaomi, playing the spokesperson role as he experiences a self-balancing electric vehicle during a press conference announcing the Ninebot's acquisition of Segway in Beijing, China.

©Visual China Group /Getty Images

Informational Roles

Informational roles are managerial roles that involve processing information.

- **Monitor** (also known as the **nerve center**). Managers regularly seek out information related to their organization and industry, looking for relevant changes in the environment. They also monitor their team in terms of both their productivity and their well-being. For example, a manager might attend a trade show to learn about new and competing products in her organization's industry.
- **Disseminator**. Managers must communicate key information to their colleagues and their team. For example, after learning about innovation in a course, a manager might share best practices for brainstorming new ideas with his team.
- **Spokesperson**. Managers must often speak for their organization. In this role they are responsible for transmitting information about the organization and its goals to the people outside it. For example, a manager might organize a press conference to release a new product and demonstrate its benefits.

Decisional Roles

Decisional roles are managerial roles involving the use of information.

- **Entrepreneur**. Managers create and lead change within the organization. This means solving problems, generating new ideas, and implementing them. For example, a manager might make a presentation to her team about an upcoming company reorganization.
- **Disturbance handler**. Managers must take charge when an organization or team hits an unexpected roadblock. They also need to help mediate disputes within it. For example, a manager might meet with two employees who have been arguing to resolve the conflict.
- **Resource allocator**. Managers need to determine where organizational resources are best applied. This involves allocating funding as well as assigning staff and other organizational resources. For example, a manager might create and submit a yearly budget for approval to the finance office.
- **Negotiator**. Managers need to engage in important negotiations within their team, department, or organization. For example, a manager in an automobile company might negotiate a contract for car door handles with an overseas supplier.[42]

Throughout this textbook, you will have the opportunity to study the research on management and complete activities and self-assessments that will help you develop skills related to the entire management process. While some of the above functions of management can be learned through experience, you will be at an advantage by learning them before you become a manager. One of the most important frameworks for understanding management is knowing the roles managers must play. These roles are covered in the following section, and Toolkit Activity 1.1 provides you with the opportunity to learn the degree to which real-world managers play these roles in their work.

In a study of 225 managers at different hierarchical levels and in different functional areas,[43] the leader role emerged as the one universally required role for all managers. This makes sense; because managerial work consists of getting things done through other people, it is logical that this role would be required to a fairly high extent by all managers. The liaison role was the second highest required managerial role, since managers have to link their department's activities to those of others in the organization. The disturbance handler role was also highly ranked, as might have been expected due to the brevity, variety, and fragmentation that Mintzberg found inherent in managerial work.

A research study examined managerial roles 30 years after the publication of the original research and found that the main differences were a much larger workload, a contact pattern to a larger degree oriented toward subordinates in team settings, a greater emphasis on giving information, and less preoccupation with administrative work.[44] Another study found that the framework was useful in describing the work of entrepreneurs.[45] Mintzberg reflected on his own work some years later and commented that managers should be "well-rounded" and need to "think, link, lead, and do."[46] A manager who overthinks a situation may not be able to link it to others through leadership and may not get anything done. Since leading is central to being an effective manager, managerial leadership skills will be discussed next.

Managerial Behaviors

Learning Objective 1.5: Explain the three types of managerial behaviors.

A large-scale review of research[47] on management and leadership revealed that managerial behaviors can be grouped into three broad categories: **task behavior**, **relations behavior**, and **change behavior**. These skills are summarized in Table 1.2. Much research in leadership has demonstrated that managers must initiate structure by clarifying the activities their followers must perform. Managers also need to show consideration for their followers by supporting them and providing personal attention.[48] More recently, research in management has focused on the need for managers to address the disruptive change described in Christensen's research discussed above in the timeline of management theory. Managers must scan the environment for market disruptions and encourage followers to innovate and take risks to address the change.

Managerial leadership combines analytic skills and "soft skills." Analytic skills relate to the tasks that need to be performed to meet the organization's goals. Soft skills focus on the relationships managers develop with followers to motivate them to attain goals and provide for their satisfaction and well-being at work. Change skills are a combination of analytic and soft skills. The external environment of the organization must be monitored and analyzed, but managers must also inspire a shared vision and encourage innovation for the organization to change.

A study of 1,412 managers asked them to rate the relative importance of 57 managerial tasks to their jobs. Their choices included "Of utmost importance," "Of considerable importance," "Of moderate importance," "Of little importance," "Of no importance," and "I do not perform this task." Using these importance ratings, researchers statistically identified seven major factors or groups of management tasks: managing individual performance, instructing subordinates, planning and allocating resources, coordinating interdependent groups, managing group performance, monitoring the business environment, and representing staff.[49]

CAREERS IN MANAGEMENT

What Does a Restaurant Manager Do?

We all go to restaurants to enjoy a meal with friends or family. Have you ever wondered how your food is prepared and served? Who coordinates all of this? Behind the scenes is the important position of the restaurant manager. In a small business such as a café, this is often the owner of the restaurant. In larger restaurants and franchises like Shake Shack, the manager is hired by the organization to run the business. On a daily basis, restaurant managers do a lot of different things. Let's look at some of the things they do.

Hiring and Firing

Restaurant managers hire new staff for the kitchen and dining room. Of course, the manager must also provide performance evaluations and terminate employees who have low performance. It is very important that the servers who interact with customers have a high level of performance. In larger restaurants, kitchen positions may be filled by the head chef rather than the manager.

Ordering Inventory

A restaurant manager may order food for preparation. Inventory also includes dining room items, such as paper napkins, cleaning supplies, and restaurant dishware. Managers may also do the orders for liquor, beer, and wine for the restaurant. In larger restaurants, there is a bar manager or head bartender who covers this ordering. Also in larger restaurants, the head chef orders the food for the restaurant, since they create menus and supervise the cooks. No matter who does the ordering, however, the restaurant manager must oversee the orders and ensure they are within the budgets. Also, expiration dates on food must be watched carefully. No matter who is in charge of the food or liquor ordering, a restaurant manager signs off on the orders to maintain budget control.

Staff Scheduling

Most restaurants operate for breakfast, lunch, and dinner, which often lasts well into the night. Some restaurants are open 24 hours, such as the Waffle House. A restaurant manager arranges the weekly schedule to make sure all shifts are staffed. Managers put their best employees on the schedule during the busiest times. They may staff trainees during slow times. Managers also approve requests for days off and ensure there is fairness in how much time off employees receive.

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A restaurant manager briefs his staff.

Event Planning

Many restaurants also provide catering. A restaurant manager may be in charge of planning the schedule, finding rooms, and assigning waitstaff and kitchen staff to the event. Some restaurants deliver food, and the manager arranges for vans to deliver orders. If a catering operation is large, a restaurant may have a catering manager to cover these tasks.

Customer Service

As you know, poor service can break a restaurant. The restaurant manager ensures that customers receive excellent service. They are responsible for training the staff to provide a great experience before, during, and after the meal. A manager's job is to make sure customers leave happy. In many cases, managers collect information on survey cards or follow-up emails to learn about the customer experience. The manager shares survey results with employees during staff meetings. The manager may provide rewards such as cash or meals for outstanding customer service mentioned by customers on the surveys.

Marketing and Advertising

In many cases, restaurant managers create advertising. They manage the advertising budget, place ads in local periodicals, create mailings that may have coupons, and post about the restaurant on social media such as Instagram, Twitter, and Facebook (and encourage customers to do so). They may also implement promotions such as happy-hour specials, two-for-one deals, or holiday specials.

Bookkeeping

In a small business, the restaurant manager takes care of books and makes the bank deposits. Even in a small business, it is good practice to have a separate person track and reconcile bank accounts. One of the biggest problems for restaurant management is theft, so having checks and balances in place is important.

Qualifications required for restaurant managers include both people skills and business skills. Depending on the size of the restaurant and how formal it is, managers may need to have a business or hospitality management degree.

(*Continued*)

(Continued)

Managers are essential to the success of a restaurant. They run the daily functions of the kitchen and dining room. They sometimes work behind the scenes and sometimes greet customers or handle complaints. A restaurant manager must have excellent organizational, communication, and problem-solving skills.

Discussion Questions

1. What part of the restaurant manager's job do you feel is the most challenging? Why?
2. What specific "people and business" skills does a restaurant manager need to have? What managerial roles does the restaurant manager need to exhibit based on Mintzberg's managerial roles?
3. Give examples of the managerial leadership skills the restaurant manager must have (task, relations, and change behavior).

Source: Adapted from Mealey, L. (2017). What does a restaurant manager do? Retrieved from https://www.thebalance.com/what-does-a-restaurant-manager-do-2888854.

▼ TABLE 1.2

Managerial Behaviors

Task Behavior
• Plan short-term activities
• Clarify task objectives and role expectations
• Monitor operations and performance
Relations Behavior
• Provide support and encouragement
• Provide recognition for achievements and contributions
• Develop member skill and confidence
• Consult with members when making decisions
• Empower members to take initiative in problem-solving
Change Behavior
• Monitor the external environment
• Propose an innovative strategy or new vision
• Encourage innovative thinking
• Take risks to promote necessary changes

Source: Yukl, G., Gordon, A., & Taber, T. (2002). A hierarchical taxonomy of leadership behavior: Integrating a half century of behavior research. *Journal of Leadership and Organizational Studies, 9*(1), 15–32.

Skills Managers Need Today

Learning Objective 1.6: Define the three skills managers need to be successful today.

The manager's job has been evolving, and there are new sets of skills managers need to be effective. These skills involve the ability to solve problems using evidence, critical thinking, and analytics. These important skills will be discussed in the following sections as well as reinforced throughout this textbook. For example, the textbook is based on theories and research in the field of management (that is, evidence based). You will be encouraged to apply critical-thinking skills by answering the critical-thinking questions in the textbook. Finally, in the Appendix to this textbook, you will have the opportunity to learn analytic techniques, which you will apply to solve problems in the Toolkit exercises.

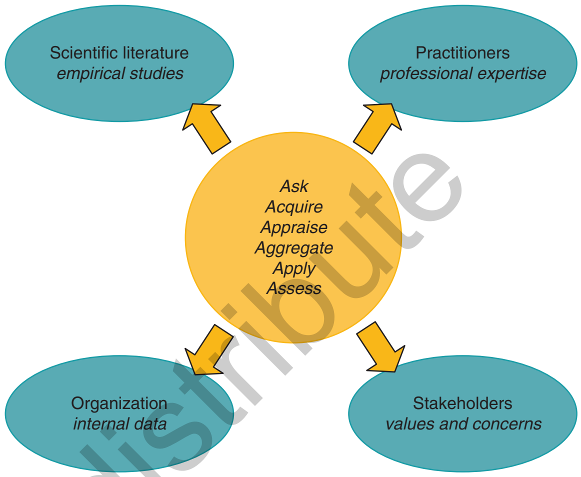
Evidence-Based Management

The ability to translate research to practice has been termed **evidence-based management (EBM)**. The term *evidence-based* was originally employed in the field of medicine to guide how doctors make decisions regarding patient care. EBM improves a leader's decisions through disciplined application of the most relevant and current scientific evidence. Although many definitions of EBM are available, this is the most frequently quoted and widely used: "EBM means making decisions about the management of employees, teams, or organizations through the conscientious, explicit, and judicious use of four sources of information,"[50] shown in Figure 1.4 and listed here:

1. *Scientific literature empirical studies*—for example, research published in management journals
2. *Organization internal data*—for example, interviews or surveys completed by people in an organization
3. *Practitioners' professional expertise*—for example, the expert opinions of managers
4. *Stakeholders' values and concerns*—for example, groups that focus on whether the organization employs environmentally friendly practices[51]

▼ FIGURE 1.4

Sources of Information Used in EBM



Source: Barends, E., Rousseau, D. M., & Briner, R. B. (2014). Evidence-Based Management: The basic principles. Retrieved from https://www.cebma.org/wp-content/uploads/Evidence-Based-Practice-The-Basic-Principles-vs-Dec-2015.pdf.

To use these sources of evidence to make better decisions and increase the likelihood of a favorable outcome, managers need to follow the process shown in the center of Figure 1.4. This process involves the following steps:

1. *Asking:* Translating a practical issue or problem into an answerable question
2. *Acquiring:* Systematically searching for and retrieving the evidence
3. *Appraising:* Critically judging the trustworthiness and relevance of the evidence
4. *Aggregating:* Weighing and pulling together the evidence
5. *Applying:* Incorporating the evidence into the decision-making process
6. *Assessing:* Evaluating the outcome of the decision taken[52]

To implement EBM, managers must have ability (basic skills and competencies), motivation (behavioral beliefs, behavioral control, and normative beliefs), and opportunity (support that overcomes organizational barriers).[53] For example, EBM was applied to an operational problem in a hospital. Researchers tracked the process through interviews. An EBM decision process was implemented by a physician manager. This research concluded that the "fit" between the decision-maker and the organizational context enables more effective, evidence-based processes.[54] Managerial involvement at all levels is essential for EBM to work in practice,[55] as well as in collaboration with researchers.[56] That said, managers should adopt a healthy skepticism about new management ideas.[57] Cynicism could be reduced by presenting ideas that have been able to "stand the test of time," such as the ones shown in the timeline presented earlier in this chapter. Some new ideas are not really new at all, and may be overstated.[58]

In making important organizational decisions, a manager may include information gathered from one or all of the four sources described previously in the definition of EBM. This can result in a lot of information. So how can a leader sort through it all and determine what is most relevant to the problem at hand? The answer lies in **critical thinking,** a process that has been

FACT OR FICTION?

Is a Happy Worker a Productive Worker?

There has been a long debate in the management field regarding whether or not employees who are happy at work produce more. Recent research has shed some new light on this question.

A study found that poor working conditions were related to employees quitting more. This even affected how loyal customers were to the business. In terms of the bottom line, poor working conditions resulted in lower revenue.

The suggestion that employee satisfaction is related to the profitability of companies has caught the attention of executives. Research has needed to dig deeper to better understand how and why satisfaction relates to revenue.

Researchers at Harvard University studied employee "perceptions, emotions, and motivations" that lead employees to form their understanding of what is happening in the workplace. Researchers asked 238 employees to write in an electronic journal every day describing how they felt about work and to describe the one thing that happened each day that stood out in their mind. The researchers ended up with mountain of data to analyze—12,000 diary entries were collected.

The results of the study uncovered some important findings about employee experiences at work. One-third of the employees said they were "unhappy, unmotivated, or both." Some of them were frustrated and disgusted by what was happening in their jobs. The researchers called these feelings the "inner work life." This inner work life predicted employees' productivity and loyalty to the organization. Employees who were frustrated were less creative and did not get along with others at work.

The study found that on days when employees were happy (expressing positive feelings in the diaries), they were more likely to have innovative ideas to improve work. This research found that employees do perform better when they are happy at work. The single most important aspect of work is an employee's feeling that they are making progress in meaningful work. When employees feel their work has meaning, they get excited about it. For example, one computer programmer in the study wrote this about finishing a challenging task: "This time it looks good! I feel more positive about this project and my work than I've felt in a long time." These feelings improve performance, since this is a positive inner work life experience.

Most managers have no idea that lack of support creates negative outcomes for employees. When researchers asked 669 managers to rank five employee motivators in terms of importance, they ranked "supporting progress" last. In other words, 95% of the managers did not realize that accomplishing meaningful work is the primary motivator, even though providing support doesn't cost as much as incentives like raises and bonuses. This failure reflects a common experience in organizations. Seven companies were studied, but only one had managers who consistently supported meaningful work by emphasizing learning. It is probably not a coincidence that this company was the only one in the study that had a major innovation while the study was being conducted.

In our lives, we spend more of our time awake at work than doing anything else. Think about that. As a manager, supporting a sense of meaning at work is the right thing to do. Employee well-being is ethical and also relates to bottom-line profit. It is a win-win. Managers can support positive inner lives that make work less frustrating and more satisfying.

Managers can increase worker satisfaction by engaging them at work. The experience of a positive inner work life seems to be a function of how well managers help employees experience a sense of accomplishment. For example, a manager can remove impediments to performance, help employees, and give positive feedback.

Discussion Questions

1. Describe other reasons a worker may be productive at work, besides experiencing meaningful work.
2. Provide an example of a job in which a worker would experience a high degree of meaningfulness. Then provide an example of a job in which a worker would experience a low degree of meaningfulness. How are the jobs different in terms of autonomy, resources, and learning?
3. Give examples of specific actions a manager can take to improve the inner work life of workers by increasing meaningfulness.
4. What do you think should be the next study in this line of evidence-based research on whether a happy worker is a productive worker? What do we need to know now?

Sources: Adapted from Amabile, T., & Kramer, S. (2011, September 3). Do happier people work harder? *New York Times*. Retrieved from https://www.nytimes.com/2011/09/04/opinion/sunday/do-happier-people-work-harder.html? ref=opinion; Harter, J. K., Schmidt, F. L., Asplund, J. W., Killham, E. A., & Agrawal, S. (2010). Causal impact of employee work perceptions on the bottom line of organizations. *Perspectives on Psychological Science, 5*(4), 378–389.

developed for over 2,500 years, beginning with the ancient Greeks and the Socratic method, which is the process of learning by questioning everything. Critical-thinking skills are applied to sort through all the information gathered and then prioritize it (and even discard evidence that appears to be invalid or irrelevant to the problem).

Critical Thinking

Critical thinking is defined as "persistent effort to examine any belief or supposed form of knowledge in the light of evidence that supports it and the further conclusions to which it tends."[59] Critical thinking is a mode of thinking about a problem we face where the problem-solver improves the quality of the process by taking control of it and applying rigorous standards. The process has been described as having three interrelated parts:

1. The elements of thought (reasoning)
2. The intellectual standards that are applied to the elements of reasoning
3. The intellectual traits associated with a cultivated critical thinker that result from the consistent and disciplined application of the intellectual standards to the elements of thought[60]

Critical thinking involves using justification; recognizing relationships; evaluating the credibility of sources; looking at reasons or evidence; drawing inferences; identifying alternatives, logical deductions, sequences, and order; and defending an idea. Critical thinking requires the decision-maker in an organization to apply a complex skill set to solve the problem at hand. A set of guidelines for critical thinking is shown in Table 1.3.[61] Critical thinking is, in short, self-directed, self-disciplined, self-monitored, and self-corrective thinking. It requires rigorous standards of problem-solving and a commitment to overcome the inclination to think that we have all of the answers.[62] A recent study demonstrated that students' attitudes toward and beliefs about critical-thinking skills are related to their GPA, due to their bearing on effective argumentation and reflective thinking.[63]

When it comes to asking questions, some of the best ideas come from a book by Ian Mitroff called *Smart Thinking for Crazy Times: The Art of Solving the Right Problems*.[64] Mitroff warns us about solving the wrong problems even though leaders solve them with great precision in organizations. This happens because they don't ask the right questions. Mitroff provides advice to managers who fall into the trap of solving the wrong problems by spelling out why managers do it in the first place. The five pathways to error are:

- Picking the wrong stakeholders by not paying attention to who really cares about the problem.
- Selecting too narrow a set of options by overlooking better, more creative options.
- Phrasing a problem incorrectly by failing to consider at least one "technical" and one "human" variation in stating a problem.
- Setting the boundaries of a problem too narrow by ignoring the system the problem is embedded in.
- Failing to think systemically by ignoring the connection between parts of the problem and its whole.

Students' critical thinking skills predict grade point average.

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▼ TABLE 1.3

Critical Thinking Skills

No one always acts purely objectively and rationally. We connive for selfish interests. We gossip, boast, exaggerate, and equivocate. It is "only human" to wish to validate our prior knowledge, to vindicate our prior decisions, or to sustain our earlier beliefs. In the process of satisfying our ego, however, we can often deny ourselves intellectual growth and opportunity. We may not always want to apply critical thinking skills, but we should have those skills available to be employed when needed.

Critical thinking includes a complex combination of skills. Among the main characteristics are the following:

Skills	We are thinking critically when we do the following:
Rationality	• Rely on reason rather than emotion • Require evidence, ignore no known evidence, and follow evidence where it leads • Are concerned more with finding the best explanation than being right, analyzing apparent confusion, and asking questions
Self-Awareness	• Weigh the influences of motives and bias • Recognize our own assumptions, prejudices, biases, or points of view
Honesty	• Recognize emotional impulses, selfish motives, nefarious purposes, or other modes of self-deception
Open-Mindedness	• Evaluate all reasonable inferences • Consider a variety of possible viewpoints or perspectives • Remain open to alternative interpretations • Accept a new explanation, model, or paradigm because it explains the evidence better, is simpler, or has fewer inconsistencies or covers more data • Accept new priorities in response to a reevaluation of the evidence or reassessment of our real interests • Do not reject unpopular views out of hand
Discipline	• Are precise, meticulous, comprehensive, and exhaustive • Resist manipulation and irrational appeals • Avoid snap judgments
Judgment	• Recognize the relevance and/or merit of alternative assumptions and perspectives • Recognize the extent and weight of evidence
In sum:	• Critical thinkers are by nature skeptical. They approach texts with the same skepticism and suspicion as they approach spoken remarks. • Critical thinkers are active, not passive. They ask questions and analyze. They consciously apply tactics and strategies to uncover meaning or assure their understanding. • Critical thinkers do not take an egotistical view of the world. They are open to new ideas and perspectives. They are willing to challenge their beliefs and investigate competing evidence.

Critical thinking enables us to recognize a wide range of subjective analyses of otherwise objective data and to evaluate how well each analysis might meet our needs. Facts may be facts, but how we interpret them may vary. By contrast, passive, noncritical thinkers take a simplistic view of the world. They see things in black and white, as either-or, rather than recognizing a variety of possible understanding. They see questions as yes or no with no subtleties, they fail to see linkages and complexities, and they fail to recognize related elements.

Source: Daniel Kurland, "What is Critical Thinking?" How the Language Really Works: The Fundamentals of Critical Reading and Effective Writing, http://www.criticalreading.com. Copyright © 2000 by Daniel J. Kurland. Reproduced with permission.

So what questions should a manager be asking? Mitroff provides the following list of basic questions facing all organizations (and ones we should be asking frequently if we expect to gain buy-in from employees for the implementation of their solutions):

- What businesses are we in?
- What businesses should we be in?
- What is our mission?
- What should our mission be?
- Who are our prime customers?
- Who should our customers be?
- How should we react to a major crisis, especially if we are, or are perceived to be, at fault?

- How will the outside world perceive our actions?
- Will others perceive the situation as we do?
- Are our products and services ethical?

CRITICAL THINKING QUESTIONS

Give an example of how the answers to these questions will enable managers to think critically about their organization. How can they avoid the "pathways to error" described by Mitroff?

Analytics

The term **analytics** often conjures up images of powerful computers, complicated mathematics, and cryptic outputs only a scientist could love. Although somewhat outdated, those images are not entirely inaccurate. The types of analytics used by modern businesses do require powerful computers and complicated mathematics. Their outputs do take some training to interpret and use in the decision-making process.

Some interesting things have happened in recent years, however:

- The powerful computers needed to analyze all but the largest data sets have become quite common. You most likely have one on your desk, in the bag you carry around campus, even in your pocket.
- It is helpful to understand the mathematical logic that underlies analytic techniques, but there is no need to memorize formulas or crank through tedious calculations. Modern software does nearly all the heavy lifting for you and has become increasingly user-friendly.
- Analytics is no longer the realm of highly trained scientists. You can learn how to interpret the most commonly used analytic output even if you have had no previous training. In fact, this chapter will teach you to do just that.

In Chapter 2, you will learn the importance of decision-making in a manager's job. Analytics are used to facilitate and improve managers' decision-making processes in many ways. For example, managers use analytics to quantitatively assess employee motivation tactics, evaluate resource allocation decisions, test the security of their computing networks, and design customer-friendly websites. Because our topic is managers, we will primarily focus on the use of analytics in some of the most fundamental aspects of managerial decision-making. In later chapters you will read about the importance of analytics in the controlling aspects of management.

To fully understand how data analytics help managers make decisions, it is important to realize their connection to the notion of critical thinking, which is another key management skill. In fact, if used properly, analytics are simply mathematically assisted critical-thinking exercises. To see how this is true, recall that we defined critical thinking as a mode of thinking about a problem we face where the problem-solver improves the quality of the process by *taking control of it and applying rigorous standards*. Through analytics, a problem-solver takes control of the thought process by quantifying the variables at play and applying the rules of statistics. Standards do not get much more rigorous than that! More specifically, analytics facilitate critical thinking in two key ways:

1. They require that decision-makers apply scientific logic to the questions or problems they are trying to solve. This involves clearly identifying the problem, developing logical explanations and/or solutions, then testing those explanations and solutions. It is true

that the analytical element—the actual math, in other words—does not come into play until the testing phase. Translating an abstract problem (poor employee morale or performance, for example) into analytical terms, however, requires us to impose the rationality and discipline (recall these terms from Table 1.3) of logic on the problem. This helps us structure our thinking in a way that reduces the impact of perceptual bias and other detriments to critical thinking. More often than not, we can even structure analyses to quantify and remove these factors.

2. Beyond helping problem-solvers to think critically, analytics help us see if we have actually succeeded in doing so. It may be more accurate to say they provide evidence that we have or have not succeeded in thinking critically. For example, if a manager is absolutely convinced that younger employees learn faster than older employees but the data consistently tell a different story, it may be that some untested or irrational assumptions have found their way into the manager's thought process. This is, of course, not always true. No analytical technique is perfect, just as no decision-maker is perfect. When combined, however, critical thinking and analytics maximize the likelihood of an optimal solution by blending the knowledge and experience of individual decision-makers with the discipline and predictive value of statistics.

Plan For This Textbook

Numerous challenges face managers. Most organizations are experiencing rates of change unlike anything we have seen in the past.[65] External pressures have been created from mergers, downsizing, restructuring, and layoffs as organizations strive to remain competitive or even survive. Other external forces are global competition, product obsolescence, new technology, government mandates, and diversity in the workforce. The changes organizations have undergone have resulted in followers who are filled with cynicism and doubt about their leaders and organization.[66] Ethics scandals in business have fueled the perception that leaders are unable to lead their organizations in a principled way.

By now, you have realized that management is a problem-focused discipline aimed at making organizations more effective. Your ability as a manager will be enhanced through knowledge of the theory and applications from management research. Each chapter will review the essential and most current theory and research and relate it to how you can develop your leadership skills. At the end of each chapter, there are tools for your "toolkit," where you will directly apply the theories through cases, self-assessments, and exercises. To get on the path toward thinking about your career in management, complete Toolkit Activity 1.2 on defining success.

This textbook will cover the four aspects of the management process—planning, organizing, leading, and controlling. EBM, critical thinking, ethics, and analytics are themes that run throughout the textbook, each chapter concluding with activities, case studies, and self-assessments where you will apply what you have learned about management. This introductory chapter has provided an overview of management and what it means to be a manager. Next, Part II will examine the planning function of management. Decision-making and analytics will be covered in Chapter 2 to provide you with the skills you need to solve management problems. Ethics and social responsibility are part of every manager's job today, and these will be discussed in Chapter 3. The planning section will conclude with chapters on organizational culture and change (Chapter 4) and strategic management (Chapter 5), giving you a big-picture view of management planning.

Part II will address the organizing function of management and will cover organizational design (Chapter 6), communication systems (Chapter 7), and designing the human resource system (Chapter 8). Part III will discuss the leading function of management and will cover the manager's role in leading people in organizations. This section addresses understanding individual differences and diversity (Chapter 9), motivation (Chapter 10), teams (Chapter 11), and leadership (Chapter 12). Given the global nature of business today, Part III concludes with a discussion on leading globally (Chapter 13). The final section of the book, Part IV, looks at the controlling function of management, and includes information on budget control (Chapter 14) and management control technology in organizations (Chapter 15). Chapter 15 also provides an integrative view of the entire textbook, since control is now a major aspect of management and all the chapters address the issue.

As you read this book, refer back to the figure at the start of each chapter as a map of how to organize the vast amount of theory and research on management that has been generated for decades. It won't seem so overwhelming if you can place the material in the four broad groupings as shown in the figure—planning, organizing, leading, and controlling.

Managerial Implications

This chapter has provided an overview of management and traced the development of the concept over time. Here are key takeaway points:

- The concept of management has evolved over time, from engineering time-and-motion studies in the late 1800s to present-day thinking, which has added the behavioral aspect to management. This history helps you see how the field has progressed to being focused on people and how your behaviors and theirs play the biggest role in an organization's success.
- Management consists of planning, organizing, leading, and controlling functions (and this book is organized around these roles).
- It's important for managers to understand their underlying assumptions about people—Theory X versus Theory Y. These assumptions emerged as a key idea in the 1960s.
- By the 1980s, frameworks for understanding human behavior in organizations became prominent. Theories of psychology were applied to organizations. Also, organizational culture became an important area of study.
- Employees in organizations need to develop the ability to solve problems and learn from mistakes. The concept of a learning organization as a mechanism to creating more nimble organizations emerged in the 1990s with the work of Peter Senge.
- During the 1990s, the study of business ethics took a central role as a result of the ethics scandals of the two prior decades. Also, due to disruptive organizational change, it became important for managers to exhibit transformational leadership skills.
- Managers exhibit certain behaviors as they do their work, which fall into three categories: task, relations, and change behaviors.
- Managers today need three important skills. They need to understand evidence-based management (EBM) and apply critical thinking to solve problems in their organization. They also need a firm grasp of how to use analytics to make decisions.

Now that you have an understanding of what it takes to become a manager, we next turn to the planning phase with a discussion of decision-making and the use of analytics in the next chapter.

KEY TERMS

analytics 25
benchmarking 13
building shared vision 12
change behavior 18
controlling 7
critical thinking 21
decisional roles 17
disruptive change 14
disseminator 17
disturbance handler 17
effectiveness 5
efficiency 5
entrepreneur 17
evidence-based management (EBM) 21
field theory 9
figurehead 16
Hawthorne effect 8
informational roles 17
interpersonal roles 16
leader 17
leading 6
learning organization 11
liaison 17
management 5
mental models 12
mission 5
monitor *or* nerve center 17
negotiator 17
organizational behavior (OB) 10
organizational culture 11
organizational development (OD) 9
organizing 6
personal mastery 11
planning 6
relations behavior 18
resource allocator 17
scientific management 7
spokesperson 17
sustainability 15
systems thinking 12
task behavior 18
team learning 12
Theory X 9
Theory Y 10

TOOLKIT

Activity 1.1

Learning About Managerial Roles

For this activity, you will interview a manager (this can be a parent, a friend's parent, a university administrator—just be sure the person you interview manages other people as a key part of their job). The objective of this activity is to learn the degree to which Mintzberg's managerial roles are played by a specific manager on a weekly basis. Tell the manager you selected that this is for a class project and you don't need to report their name or the company they work for. Write down the industry (e.g., retail, accounting, manufacturing, education) and the size of the organization (number of employees) the manager works for.

Industry: ___________________________________

Organization size (number of employees): _________

Next, tell your chosen manager that "roles are defined as organized sets of behaviors belonging to identifiable offices or positions." Then ask your interviewee to rate the degree to which they engage in the roles shown in the table using the following scale:

0 1 2 3 4 5 6 7+ times/week

|--|

Never Sometimes Frequently Daily or more

▼ TABLE 1.4

Nature of Mintzberg's Managerial Roles

Category	Role	Nature of Role
Interpersonal Roles	Figurehead	As a symbol of legal authority, performing certain ceremonial duties (e.g., signing documents and receiving visitors).
Interpersonal Roles	Leader	Motivating subordinates to get the job done properly.
Interpersonal Roles	Liaison	Serving as a link in a horizontal (as well as vertical) chain of communication.
Informational Roles	Nerve Center	Serving as a focal point for nonroutine information; receiving all types of information.
Informational Roles	Disseminator	Transmitting selected information to subordinates.
Informational Roles	Spokesperson	Transmitting selected information to outsiders.
Decisional Roles	Entrepreneur	Designing and initiating changes within the organization.

Decisional Roles	Disturbance Handler	Taking corrective action in nonroutine situations.
Decisional Roles	Resource Allocator	Deciding exactly who should get what resources.
Decisional Roles	Negotiator	Participating in negotiating sessions with other parties (e.g., vendors and unions) to make sure the organization's interests are adequately represented.

Source: Adapted from Dunphy, S. M., & Meyer, D. (2002). Entrepreneur or manager? A discriminant analysis based on Mintzberg's managerial roles. *Journal of Business and Entrepreneurship, 14*(2), 17–37.

Discussion Questions

1. What were the roles most frequently played by the manager you interviewed? Were you surprised by this result?
2. Were there any roles the manager you interviewed never or rarely played? If so, why do you think this was the case?
3. Do you think your results might be different if you interviewed a manager in a different industry? Why or why not? Compare your results with other members of the class who interviewed managers from different industries and organization sizes. Discuss the similarities and differences.

Activity 1.2

What Does It Mean to Be Successful?

Success is a loaded word. It can conjure up all sorts of associations, from opulent lifestyles to business empires.

How do you define success? Sometimes definitions of success can be too narrow and specific. For this activity, think about success as a concept rather than associating it with specific goals or sets of goals (e.g., "buy a home in a desirable neighborhood" or "become the top salesperson in the department"). Develop a definition of success that is applicable in a variety of scenarios, such as in the workplace, at home, and in social settings with friends or family.

1. Write your initial definition of success in the box below. Then mentally answer questions 2 through 6. Remember, do not simply set a goal or identify a task you can check off a list.

2. Why do you want to be successful?
3. What are some ways to achieve success?
4. What would people say about you if you were successful?
5. How would success enable you to contribute to or positively impact other people's lives?
6. Take a few moments to imagine yourself as successful. What does success feel like? What habits or behaviors have led to your success?
7. Reevaluate the definition of success you wrote to answer question 1. In the box below, revise it based on your answers to questions 2 through 6.

Discussion Questions

Now it is time to make use of your definition of success in your daily life. Does your definition make you feel motivated to try to achieve success? Does it feel complete? Is it something you can apply to your everyday life? Your definition of success should make you feel determined and give you clear guidance that you can apply whether you're working on a new project at work, spending time with friends and family, or simply trying to decide how to spend your day off. This is a lot to ask of a definition, so you may need to refine yours. Try living with it for a while. Write your working definition of success down in a place where you can look at it often—on a sticky note attached to your computer monitor, on a card in your wallet, or as a daily reminder in your calendar. Then use the questions below to help you test or revise your definition of what it means to be successful.

1. *Take inventory daily.* What do you want to have accomplished at the end of each day? What habits and traits do you want to embody in your daily life? Does your definition of success support your answers to these questions?
2. *Seek feedback from those who know you best.* Sit down with your family and friends. Ask them, "What does it mean to be successful?" Discuss their responses and share your own definition. Solicit their feedback, not so that you can change your idea to reach some kind of consensus but because they may provide input that helps you clarify your vision. What do those closest to you say about your definition? How does their feedback affect your thoughts about your definition?
3. *Look for concrete examples and role models.* Make a list of successful people you know, either in real life or as public figures. Why did you label them as successful? What behaviors or habits are they adopting in order to be successful? What do you think they would say it means to be successful?

Achieving your definition of success is an everyday work in progress. Success is not a heredity trait, an intrinsic value, or an innate skill — you have to work at it continually. As you strive for success daily, having your definition can keep you focused on progress. Success is not about having an epiphany or achieving one pivotal goal; rather, it is a long-term journey of implementing your definition of success each day. When you know what to do to be successful, you can make those actions and habits a sustained part of your daily life.

Source: Adapted from White, R. (2014). *Connecting happiness and success*. Retrieved from http://connectinghappinessandsuccess.com/wp-content/uploads/2013/09/Defining-Success-12_30_12.pdf.

Case Study 1.1

Facebook.com: The Cambridge Analytica Scandal

What online community signs up 700,000 new members each day? The answer: Facebook.com. The Facebook community included 750 million followers by mid-2011. Facebook's founder, Mark Zuckerberg, was named *Time* magazine's "Person of the Year" in 2010.

The statistics associated with Facebook have taken on nearly epic proportions. If Facebook users in January 2011 were members of a country, that nation would have the third highest population in the world, with only China and India ahead. One out of every 12 people on the planet has a Facebook account. And, in the world of Internet hits, one out of every four page views in the United States occurs on the Facebook site. Facebook has caused dramatic shifts in everyday life, the core of which are new cultural patterns of interpersonal interactions. Marketing professionals have quickly moved into this realm, along with the companies they serve.

Many users around the world are familiar with the Facebook.com opening page. The screen prominently displays the Facebook logo, an important element of its international marketing presence. To maintain interest, the content of the opening photos rotates, giving the website an evolving visual presence. Also, by being user-friendly, the site encourages visitors to try the product. The effective use of the blue, light gray, and white background creates an appealing but simple opening page. The images fit well with the core selling points of the product.

The history of Facebook begins with a 19-year-old sophomore attending Harvard University early in the 21st century. Zuckerberg built a web service in his dorm to create a website that allowed students in college to connect with one another by networking. In less than a decade, the company grew to the size it now enjoys, dwarfing all other social media and making Zuckerberg a billionaire many times over along the way. In early 2011, Facebook was valued at nearly $50 billion. As *Time* noted, "we are now running our social lives through a for-profit network."

Enter Cambridge Analytica

Cambridge Analytica was a company that gathered information from social networking sites. For example, it used profile information to target voters with specific messages on Facebook and other online services during the presidential campaign during 2014–2016. These messages went beyond the messages based on party affiliation.

What did Cambridge Analytica do? It created profiles (or models) known as "psychographic" targeting. The company claimed it used "data to change audience behavior," both commercially and politically.

Here's where it gets interesting. In 2014, Cambridge Analytica hired a Soviet-born American researcher, Aleksandr Kogan, to profile Facebook users by analyzing the things they "liked" (the thumbs-up icon). He created an app called This Is Your Digital Life, which had a set of personality surveys. And 300,000 Facebook users downloaded the app. Because Facebook controls were not well understood, Kogan collected data not just on those users but on their Facebook friends—an estimated 87 million people. The app, in its terms of service, disclosed that it would collect data on users and their friends. But who actually reads the terms of service? People generally click the "I agree" box because they want to get on with personality surveys and learning about themselves, right?

Cambridge Analytica was hired to work for the 2016 campaigns of Donald Trump and other Republican party candidates. When the news broke on how Cambridge Analytica had gathered Facebook data, the company suspended its CEO, who had boasted on camera how the firm had been willing to offer bribes and use entrapment with prostitutes to ruin political candidates' reputations (all of this is illegal, of course). Cambridge Analytica flatly denied using data from Kogan's app or employing psychographic modeling in the 2016 election. But the Facebook data collected may have been used in other ways on certain voters.

In April 2018, Facebook CEO Mark Zuckerberg testified before Congress regarding how Facebook protects users' privacy. He was also questioned on whether social networks should be regulated.

Zuckerberg posted to his Facebook page, assuring users that additional steps were being taken to ensure user privacy. A feature was removed that had allowed users to enter phone numbers or email addresses into Facebook's search tool to find other people. The company also made it easier for users to adjust their privacy settings. However, Facebook shares dropped almost 18% in the 10 days after the news broke. An online "#DeleteFacebook" movement was started by angry users.

Exit Cambridge Analytica

Due to the scandal, Cambridge Analytica declared bankruptcy and shut down in May 2018. The London firm blamed "unfairly negative media coverage," saying that its practices are legal and that psychological profiles are widely used for online advertising. "The siege of media coverage has driven away virtually all of the company's customers and suppliers," Cambridge Analytica said in a statement. "As a result, it has been determined that it is no longer viable to continue operating the business."

Discussion Questions

1. How do you feel about Cambridge Analytica accessing the personal data of Facebook users without their specific knowledge? Is this ethical?
2. Do you think ads on social media influence the decisions of people who see them? Should social networking sites be used in this way? Explain your answers.
3. Was Facebook's response adequate? What specific actions should Facebook take now?
4. Do you feel that Facebook and other social media sites should be regulated by the government? Explain your position.

Sources: Adapted from Baack, D. W., Harris, E. G., & Baack, D. (2016). Facebook.com: Global marketing opportunities and connectivity. *SAGE Business Cases*. Retrieved from https://sk.sagepub.com/cases/facebook-global-marketing-opportunities-and-connectivity?fromsearch=true; Bloomberg. (2018, April 10). Facebook Cambridge Analytica scandal: 10 questions answered. Retrieved from http://fortune.com/2018/04/10/facebook-cambridge-analytica-what-happened/; Kang, C., Hsu, T., Roose, K., Singer, N., & Rosenberg, M. (2018, April 11). Mark Zuckerberg testimony: Day 2 brings tougher questioning. Retrieved from https://www.nytimes.com/2018/04/11/us/politics/zuckerberg-facebook-cambridge-analytica.html.

Self-Assessment 1.1

Are You Theory X or Theory Y?

This self-assessment exercise identifies whether your leadership philosophy is Theory X or Theory Y as determined by research. The goal of this assessment is for you to learn about your general assumptions about people and work and to understand how this may affect how you lead them. There are no right or wrong answers, and this is not a test. You don't have to share your results with others unless you wish to do so.

Part I. Taking the Assessment

Instructions: Circle the response that best describes your behavior.

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1. Most people will try to do as little work as possible.	1	2	3	4	5
2. Most people are industrious.	1	2	3	4	5
3. Most people are lazy and don't want to work.	1	2	3	4	5
4. People naturally like to work.	1	2	3	4	5
5. Most employees will slack off if left alone by managers.	1	2	3	4	5
6. Most employees are capable of providing ideas that are helpful to the organizations where they work.	1	2	3	4	5
7. Employees possess imagination and creativity.	1	2	3	4	5
8. Employees' ideas are generally not useful to organizations.	1	2	3	4	5
9. Most employees lack the ability to help the organizations where they work.	1	2	3	4	5
10. Most employees are trustworthy.	1	2	3	4	5

Part II. Scoring Instructions

In Part I, you rated yourself on 10 questions. Add the numbers you circled in each of the columns to derive your scores for Theory X and Theory Y. During class, we will discuss each approach, its strengths and weaknesses, and how this may affect your leadership style.

Theory X	Theory Y
1. _______	2. _______
3. _______	4. _______
5. _______	6. _______
7. _______	8. _______
9. _______	10._______
Total _______	Total_______

Source: Adapted from Kopelman, R. E., Prottas, D. J. & Falk, D. W. (2012). Development of a measure of Theory X and Y assumptions. *Journal of Managerial Issues, 24*(4), 450–470.

Interpretation:

If your Theory X score is greater than 12, your assumptions are more in line with Theory X.

If your Theory Y score is greater than 12, your assumptions are more in line with Theory Y.

Discussion Questions

1. Were you surprised by your results? What does this tell you about how you view human nature?
2. Compare your scores with five other students in the class. Do you believe that most people are more Theory X or Theory Y?
3. How might your X/Y assumptions relate to how much you listen to the ideas of your followers and allow them to participate in decisions you are responsible for?

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