

# The Five Management Functions as a Coordinated System

# 8



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## Learning Objectives

After completing this chapter, you should be able to:

- Evaluate the changes taking place in the world of business.
  - Understand the linkages between the management functions in the face of change.
  - Effectively manage change in an organization.
  - Build a successful career in management.
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## 8.1 Introduction

When you think about the management process, it may be tempting to place the functions of planning, organizing, staffing, leading, and controlling into separate boxes. In the real world, however, these functions often overlap. They can take place separately as well as simultaneously as one integrated, coordinated system—at least when they are being carried out effectively.

We conclude this text by first examining the rapidly changing world of enterprise. The chapter continues with an analysis of how these forces affect the five management functions. We then tie together the management functions, with a special emphasis on the nature of change and its impact on those functions. The chapter closes with a look at the skills you will need to build a successful career in the field of management.

### MANAGEMENT IN PRACTICE

#### *Round Rock Express— Minor League Baseball, Major League Management*

Have you ever thought about how hard it might be to try to make a year's worth of money in little more than 90 days over a period of about five months? Every minor league baseball team in the United States faces that challenge. Teams play about 15 exhibition games followed by around 75 home games each season, and that is it for the year. One organization has risen to the test: the Round Rock Express. Until 2011, the Express was the AAA affiliate of the Houston Astros. More recently, the team has been associated with the Texas Rangers. Round Rock draws the second-highest attendance in minor league baseball each year. *Sports Illustrated* magazine has featured the organization as a prime example of how to build and maintain a successful franchise.

What is the secret to the team's success? A well-designed management system. Round Rock begins with a clear mission, enthusiastically proclaimed by CEO Reid Ryan as "Awesome customer service." He adds, "We want to be a top of mind entertainment experience. Coming to one of our games should be a rite of passage."

Next, careful planning guides the team throughout the season. Every game has been carefully planned to create a family-friendly experience. As part of the plan, fans routinely interact with players. The players enter the ballpark by walking through sections of fans. At each game, Little League players and those who have special needs are taken onto the field to stand for the national anthem with an Express player. Young people are invited to play catch with some of the players after games. Players freely sign autographs.



Andrew Woolley/Associated Press

▲ A well-designed management system has made the Round Rock Express a successful organization.

Dell Stadium, home of the Express, is one of the most modern in Texas, featuring comfortable seats with cup holders, a large video scoreboard, and dozens of fun events ranging from the "kiss cam" to races on the field to special events. Each night of the week has a planned event: fireworks, souvenir giveaways, dollar hot dogs and sodas, half-price beer night, group rates, and fan appreciation days.

(continued)

The Express organization is well-organized and staffed. Jay Miller, the chief operating officer of the Express, puts it this way: "When you come to our ballpark, we are going to know your name." Employees are carefully chosen. "We don't entrust this business with just anybody," Miller notes. People are hired because they match the fan-first attitude. Many employees have been with the team since it was formed. Consequently, someone coming to the stadium is likely to be greeted by longtime parking lot attendant Oscar, who works hard at learning as many names as possible. The same is true for employees at the ticket windows, those who take tickets and sell concessions, and those who usher fans to their sections.

Round Rock excels at leading. Round Rock's management team emphasizes three groups that must be served effectively: fans, sponsors, and players. Constant communication with each group has created long-lasting bonds. As one former player put it, "The pay is better in the majors, but it's more fun playing in Round Rock."

Employees are empowered to provide the highest-quality service. Reid Ryan noted a time when an obviously angry patron pulled into the ballpark, and Oscar immediately decided to give the man free parking. Both Miller and Ryan routinely walk the entire stadium, talking with fans and doing what they can to make people feel comfortable. One of their favorite tactics is to find a family in the cheapest seats and move them to their own box seats next to the field.

The management team makes careful use of its controlling function every day. Miller and Ryan move quickly when a patron is dissatisfied. "We do whatever is needed to make them happy," Ryan said, "whether it's a refund, free merchandise, or tickets for another game." When someone is injured by a foul ball, employees quickly react to do whatever they can to help.

Each year, the Express surveys fans at the end of the season. They ask for ways to improve the experience. One year, several fans complained about the long walk around the stadium to get to bleacher seats. In response, the team spent over \$250,000 on a new entryway to make the seats easier to reach. Ryan and Miller also work hard to maintain positive relationships with sponsors, the local community, and the players. The approach continues to work. Jay Miller, who has received several Executive of the Year awards, summarizes his work this way: "Our ballpark is Round Rock's front porch." In 2011, the group that owns the Express and other teams rewarded Miller for his efforts. He now serves as a vice president for the Texas Rangers in the major leagues (R. Ryan & J. Miller, personal communication with Donald Baack, 2010; <http://www.roundrockexpress.com>, 2011). Two years later, Reid Ryan was named president of business operations for the Houston Astros (2013) in the major leagues.

### Discussion Questions

1. How is managing a seasonal business different from one that runs year-round?
2. What primary product is the Round Rock Express offering?
3. What differences are there in trying to serve players, the community, and sponsors?

## The Changing World of Business

The new millennium has brought substantial changes to the world of business. Most would agree that keeping up with new events and trends becomes a little more challenging each year. Managers in the future can expect this dynamic world to continue evolving. The first step of planning, assessing the company's environment, will be a major priority for managers of the future. As the second decade of 2000 arrived, it was clear that trends such as the following were already shaping the conduct of business and management processes:

- Political events
- Social trends

- Economic trends
- Technological developments
- The changing nature of competition

### **Political Events**

In 2008, the election of the first African-American president made history, as did his reelection in 2012. A few years ago, the Arab Spring began to have a dramatic impact on the Middle East and other nations in the area. Interest groups such as the Tea Party had a major effect on the 2010 elections. By 2013, threats of government shutdowns and default on the debt ceiling in the United States were shaping the political landscape. Political trends at the national and international levels will require continual monitoring in the future. The following are some other notable issues that continue to arise:

- The nature of tax policy
- The role of government-sponsored social programs (entitlements)
- Immigration law
- Corporate oversight

As Congress debates and decides on issues such as these, managers must adjust to the changes that arise.

At the international level, relations between governments continue to make headlines. One initial outcome of the Arab Spring uprisings was a spike in oil prices. The international community has a major effect on global companies. Acts of terrorism that disrupt normal relations have sweeping impacts on business. As an example, consider how much airline travel has changed since September 11, 2001.

### **Social Trends**

Many social trends affect the business world. Here are some examples of social trends that have an impact on business:

- Rising levels of education but greater educational disparity in the population
- Changing expectations related to gender roles
- Family size and composition
- Population locations and movements of populations (rural to urban; Northwest United States to the South)
- Aging of the population
- Increasing levels of diversity in the work force

As a percentage of the population engages in lifelong learning, another significant portion does not graduate from high school. This disparity affects the nature of the management program. Women continue to move into higher ranks in many organizations. Changes in traditional family roles have led to telecommuting jobs in which one spouse stays home and performs work there, using the Internet and other technologies to complete assigned tasks (U.S. Office of Personnel Management, 2013). The size of an American family continues to decline, and family composition has been affected. Single-parent households, divorced and remarried couples, grandparents raising grandchildren, and other new forms of family units continue to increase in numbers. All the while, people are aging. Many move to the South to enjoy a warmer climate during their

retirement years. This shift affects the placement and composition of the work force in places people leave as well as the places where people arrive.

Managing the work force in the coming years will include working with employees from various backgrounds. *Diversity* is the term used to describe a wide spectrum of differences between people. Diversity concepts apply to individuals, groups, and organizations. At the individual level, a disability sets a person apart in one sense from others, as do sexual preferences. Groups and categories include those associated with age, race, and gender. Organizations include political affiliations, religious groups, and occupations (Gomez-Mejia, Balkin, & Cardy, 2005). Specifically, diversity management means finding ways to understand and work with members with noticeable differences, such as race, gender, age, sexual orientation, and disability.

In terms of race and ethnicity, diversity issues have long existed. Hispanics, African-Americans, and Asian-Americans are three of the largest population groups in the United States. Although the term *Hispanic* is not representative of a race, it has been applied to the ethnic group that includes individuals with common characteristics, including Spanish as a primary language, the Catholic religion, and ancestry in former colonies of Spain. For Hispanics, one challenge can be language. An individual whose primary language is Spanish will cope with misunderstandings and other problems associated with English. Supervisors who do not speak Spanish encounter a similar difficulty. Bilingual managers are a valued resource in companies in regions with greater Hispanic populations.

Approximately 11% of the U.S. work force is African-American. As a group, discrimination and stereotyping continue to haunt this population. The election of President Obama, while viewed as a positive step, has not solved the problems associated with bigotry and systematic exclusion of African-Americans in many organizations.

As a group, Asian-Americans constitute about 4% of the U.S. population. These individuals encounter different kinds of stereotypes and discriminatory practices as compared to Hispanics and African-Americans. Managers are advised to break down these perceptions and deal with members of these groups in the same ways as they do with other American population groups.

Women compose more than half the work force in the United States. About 45% of the U.S. work force consists of two-income families in which both spouses work (U.S. Department of Labor, 2011). Issues of marriage, child-raising, career development, and work–life balance persist for both men and women. A commonly noted problem, the glass ceiling, continues in many companies and industries. Women cannot advance to top-level management when a glass ceiling is in place. Mentoring programs and other systems have been designed to reduce the problem.

In terms of age, by 2006, the U.S. work force had reached an average age of 40 (Gomez-Mejia et al., 2005, p. 475). The trend toward an increasingly older work population will begin to decline in this decade, as members of the baby boomer generation retire. The 2008 economic downturn slowed the number of older workers who could afford to stop working, however, further complicating the workplace environment.

The events of September 11, 2001, changed the American perspective with regard to religion. Specifically, members of the Islamic faith became targets of hostility in some elements of the media, in local communities, and in the workplace. Matters of religion have affected interactions among citizens for centuries. In the 1960s, concerns were expressed that President John F. Kennedy was Roman Catholic. As a matter of law, employment discrimination based on a person's religion is prohibited. In practical terms, a hostile workplace based on religion creates

similar discomfort to intolerance based on race and gender. Ethical managers seek to reduce these tensions and create understanding among employees with diverse religious beliefs.

With regard to sexual orientation, the repeal of the “don’t ask, don’t tell” policy regarding members of the military took place in the context of a continuing national debate about the rights of gays, lesbians, and other groups. In the workplace, intolerance of persons with differing sexual preferences persists. Gay slurs continue to make headlines in the worlds of entertainment and sports. Debates then move to other places, including the office. Managers are expected to cope with defamatory statements and try to instill a basic measure of respect toward others, regardless of these differences.

A disability represents diversity in the sense that it is a distinguishing characteristic. The Americans with Disabilities Act covers the basic rights of individuals with disabilities. The Equal Employment Opportunity Commission takes further steps to help those with special needs in the workplace. Many business organizations have taken dramatic steps to help accommodate disabled people who still wish to work. Approximately 15 million disabled U.S. citizens are employed. Statistics indicate that disabled workers are less prone to absenteeism and turnover than other employees (Unger, 2002). Managers remain aware that disabled workers can make others feel uncomfortable and that they may feel isolated or patronized in many working situations. Therefore, increasing sensitivities toward disabled workers remains an important goal in many companies.

In the study of diversity, care must be given to avoid assuming that group averages or characteristics are applied to every individual or group. Differences between groups are smaller than differences within groups. In the world of business, typical categories used to describe diversity include gender, age, race, nationality, religion, sexual preference, and employees with physical disabilities.

In summary, social trends in the area of diversity affect the conduct of business. Among these trends, the definition of *marriage* can have a dramatic impact on the human resources department. The recent Supreme Court decision regarding same-sex marriage will continue to influence a variety of U.S. companies and organizations. Insurance companies, health care organizations, legal services, and numerous other areas of the economy are being affected by these elements (Secino, 2013). Further, if one truth about social trends exists, it is that things constantly change. Your grandparents can probably remember a time when girls could not wear pants to school, only dresses. Managers in the future will be expected to monitor and adjust to changing social circumstances.

### **Economic Trends**

The 2008–2009 recession demonstrated once again the importance of monitoring the economic environment as part of business operations. The value of forecasting remains evident. Managers should prepare procedures and contingency plans based on responses to the economic environment.

A primary factor that will continue to shape the economic environment is the price and availability of natural resources, most notably energy. The 2010 Gulf Coast oil spill changed some national thinking about offshore drilling. As energy prices spike and then recede, company leaders are expected to cope. One response to energy prices has been to shift to alternative sources. Many companies have begun to investigate more efficient methods of production. This trend likely will continue.

### The Impact of Technology

Technological forces have changed the business landscape in major ways over the past several decades. In essence, technology has restructured the entire conduct of business. Technology affects planning because it leads to new products, improves existing products and production methods, and changes how jobs are performed. Many new products have improved employees' ability to communicate within the organization and with the outside world. Product improvements are present in practically every industry, as are changes in production methods. In today's workplace, many employees now need to know how to use the Internet and a mobile phone or similar device to conduct daily business. Technology has changed business in other ways, including the pace of business and the advent of social networking (Mullaney, 2013).

The pace of business continues to increase. Managers are expected to make nearly instant decisions in many instances. Faster shipping networks make it possible to send products to remote places in a timely fashion, thereby increasing the number of competitors that can reach an area.

Social networking constitutes a major new challenge to managers. Facebook serves as an example. In less than a decade, the company grew to the size it now enjoys, dwarfing all other social media and making founder Mark Zuckerberg a billionaire along the way. In early 2011, Facebook was valued at nearly \$50 billion. As *Time* magazine noted, "We are now running our social lives through a for-profit network."

The statistics associated with Facebook take on nearly epic proportions. If Facebook users were members of a country, by January 2011, that nation would have had the third-highest population worldwide; only China and India would have more. One out of every 12 people on the planet has a Facebook account. And, in the world of Internet hits, one in every four page views in the United States occurs on this site. Facebook has brought about some dramatic shifts in everyday life; at the core are new cultural patterns of interpersonal interactions. Moving quickly into this realm are business professionals and the companies they serve. The international implications of Facebook will test many companies. Internationally, marketers know that while Facebook has 100 million account holders in the United States, 70% of members are from other countries. The opportunities to contact and connect with potential customers in other nations have become enormous (Grossman, 2010). The 2013 launch of Twitter stock provides further evidence of this trend.

Social media have influenced the world of business in two primary areas: marketing and business management. In terms of marketing, an entirely new venue for communication with customers has emerged. In this new world of interactivity, simply presenting a message to an online target audience is no longer sufficient for management success. International companies instead must engage in a conversation much larger than what a dialog box will allow. Numerous voices influence perceptions of products, brands, and companies. Fans and friends may be hard to find and harder to keep.



Zef Nikolla/Facebook/Associated Press

▲ Facebook is a social media site that is greatly influencing the business world.

In terms of managerial issues, company leaders must become increasingly aware of the methods that employees, specifically younger workers, use in communicating with one another. Many firms, such as IBM, now recognize the value of instant messaging systems and the use of social media to connect employees in meaningful ways with each other and with the management team.

The evolution of social media continues to increase the pace of business as well as the landscape in which communication takes place. Messages are transmitted instantly and then often become permanent fixtures in cyberspace. Company leaders and individual employees must adapt and react to what is said by them and about them on various websites, including Facebook.

### *The Changing Nature of Competition*

Competition can now be located either down the street or around the globe. Tomorrow's managers must cope with this new landscape. Competition evolves at the product level, at the company level, and at the industry level. An item as common as a mobile phone must compete in terms of price, apps available, service contracts, and other features. Mobile phones now compete with the Kindle and other mobile readers. Numerous cellular phone service companies try to capture customers. Mobile phones compete against landlines. At the industry level, mobile phones may compete against other product lines for consumer dollars.

### **Globalization**

Two perspectives have been posed regarding the impact of globalization of international commerce. One view suggests that the world is changing into one gigantic marketplace. By that perspective, products can be expected to become increasingly standardized. As an example, for a long time, the American hamburger was frowned upon in France. Now McDonald's operates throughout the country, and hamburgers are quite popular. Some argue that the Internet and social networks will continue to homogenize cultures and people in terms of products as well as methods of selling those items.

The counterargument is that the various cultures will continue to necessitate companies to adapt (Purdy, Robinson, & Nunes, 2013). This perspective suggests that even a global company, such as one selling refrigerators, must alter products to fit local norms. In some countries, refrigerators are small, about the size of those found in hotels in the United States. Other countries rely on direct current rather than alternating current. And, of course, the United States tends to be less inclined to use the metric system as the primary form of measurement. Thus, even though a company has a global reach, it still must adapt to individual country circumstances.

In either case, you can expect to have greater interactions with people from other countries during your career. Many products and services originate from various countries. Most large corporations have at least explored the possibility of operating in new nations.

In general, the future of business presents exciting new opportunities and new challenges. Planning processes will need to adapt to changing political, social, economic, technological, and competitive trends. Managers will lead a more diverse work force in an increasingly global business environment.

## 8.2 The Five Management Functions Still Matter

As the world continues to evolve at its dramatic pace, the nature of management requires some adjustments but also will remain largely the same. As your career unfolds, expect to experience a variety of new tasks and new ways of performing old tasks. Those who are able to respond quickly to new trends will become leaders of the next generation of businesspeople. These future leaders will stay true to core management principles.

### Planning Processes

Planning is a systematic process in which managers make decisions about future activities and the key goals that the organization will pursue. The necessity for careful environmental scanning has an immediate impact on planning processes. The basic principles of planning will remain the same. This means that successful companies will seek to fulfill a well-established mission. Effective companies require a foundation and sense of purpose. This will not change. What might change will be the mission statement itself. Over time, organizational mission statements are updated. In the past two decades, many organizations have rewritten their mission statements to include a more global perspective. Others have increased the emphasis on being more socially responsible and ethical. Others have made it a point to express the desire to become more environmentally friendly. This in turn affects the five steps of planning described in Table 8.1.

**Table 8.1** The steps of planning

Steps	Items to consider
Scan the environment.	Internal and external environments SWOT analysis
Forecast future events.	Sales, economic, technological
Determine organizational goals.	Strategic, tactical, operational
Develop plans.	Strategic, tactical, operational
Allocate resources.	Budgeting

After completion of a SWOT analysis that considers the evolving nature of the external business environment, internal company strengths and weaknesses should constantly be reexamined. Forecasting will remain a key element. Managers need to know what to expect in terms of revenues, future economic conditions, and changes in technology. It would not be surprising if many companies increased the emphasis on high-quality technological forecasting.

Setting strategic, tactical, and operational goals should remain a constant. Without clear performance targets, the company can quickly drift off track. What might change? The best guess for what might change would be in the area of **contingency planning**. An uncertain future requires the additional preparation and development of what-if? plans for unforeseen events. Today's companies create plans for cybernetic threats, economic downturns, shortages of raw materials, and terrorist attacks. In the future, should the predictions about global climate change come true, other plans related to weather may be in order (United Nations Global Compact, 2013).

The final step of planning, allocating resources through budgeting processes, continues. Contingent budgets may be written to cope with unusual circumstances. At the same time, the budgeting process remains largely unchanged.

## Organizing

Organizing is the process of bringing people and resources together to create products and services in an efficient and effective manner. Organizing establishes task and authority relationships that allow people to work together to achieve the organization's goals. Organizing consists of three primary activities:

1. Create specific, yet flexible job designs.
2. Departmentalize work flow to be adaptable to new circumstances.
3. Determine the organizational structure.



Steven Sennel/Associated Press

▲ In today's increasingly boundaryless work environment, individuals from different organizations may need to work together.

Job design as an activity takes on new meaning as time passes. The primary challenge will be developing job descriptions that account for new tasks. Many of these tasks will be associated with changes in technology. As a simple example, a visitor to a large hotel chain recently stopped to ask the valet who had parked his car for directions to the Interstate. Instead of explaining how to get there, the valet opened his mobile phone and showed the man a map. Nearly every type of job incorporates additional technologies over time.

Departmentalization continues to acclimate to new circumstances. One new trend recently investigated by the Academy of Management (1993) is the increasing nature of the **boundaryless organization**, which consists of individuals working together on projects from various companies and institutions with less regard to traditional borders.

As an example, counterterrorism often involves the cooperation of local police, specially trained governmental forces such as the FBI and CIA, persons in foreign governments, and private citizens.

Many problem-solving types of work now include collaborations of people across boundaries. In management, a large international study known as Project Globe (Capacity.org, 2010) has been established to understand cultural differences and their impact on leadership. Members of more than 100 universities in separate countries are engaged in the project.

In numerous companies and organizations, organizational structures have changed to more organic, flexible forms. The use of standard operating procedures may lessen, especially as an economy becomes more service based. To meet company needs, greater delegation of authority and autonomy has been granted to more employees.

## Staffing

The staffing function will undergo modification as new conditions necessitate. Staffing is the achievement of organizational goals through the effective and efficient deployment of people. The following list identifies the primary human resource activities:

- Job design
- Human resource planning

- Recruiting
- Selection
- Orientation
- Employee training
- Compensation management
- Performance appraisal
- Employee discipline systems
- Workplace safety
- Career development
- Union–management relations

The influences of new business trends on job design have been mentioned. Technology plays the primary role in changing job descriptions and job specifications. Human resource planning will undoubtedly experience the effects of increasing globalization and diversity. Staffing members are likely to become familiar with the concepts of host country employees, expatriate employees, and third-party national employees. A **host country employee** is someone who lives in the country where the work will be performed and oversees activities in that nation. An **expatriate** employee is someone sent from a home country (where the home office is located) to the host country. A **third-party national** is someone who does not live in either the home or host country. At the management level, ethnocentric management involves the employment of expatriate employees. Geocentric management uses host country employees. Polycentric management applies mostly to global conglomerates that employ third-party nationals.

Recruiting, selection, and orientation processes are likely to account for increasing diversity. Also, many firms now stress ethics training as part of the orientation process. Human resource managers will continue to abide by legal dictates when selecting new workers (Mathis & Jackson, 2013).

Employee training programs must consider issues of diversity as well as educational disparity. Problems associated with employees feeling either overqualified or underqualified arise due to the growing divide between those with higher education and those who fail to finish high school.

The biggest challenge to employees involved with compensation management will likely emerge from political forces. The health care reform laws passed in 2010 were designed to be fully enacted over a four-year span. By 2011, efforts were being made to overturn the law, and the opposition continued for two more years. Human resource managers will be expected to investigate the impact of these laws on their specific companies. Benefit programs also continue to evolve. The 2011 Congress voted to make dramatic changes in the Medicare program, although the Senate did not enact the changes. Companies should consider the future of retirement programs as they cope with an aging work force.

Performance appraisals reflect job description, job specification, and individual goals and standards. As the nature of a job changes, the methods used to measure performance will need to be adjusted. Keeping rater bias out of appraisal systems remains an important concern.

Employee discipline systems are updated when new rules are required. The recent overturn of the “don’t ask, don’t tell” policy in the military serves as an example. Managers now often use social media to make hiring decisions based in part on a review of what a person did at a younger age. What constitutes privacy in this new age presents additional challenges to human resource managers and other supervisors.

Workplace safety involves new issues. As many people are asked to work longer hours, accompanied by technologies such as GPS tracking systems and mobile phones that can locate them at any time, increases in stress-related problems would not be surprising. Findings by the World Health Organization related to some type of connection between mobile phone use and cancer risk also invite additional scrutiny.

Career development programs are the staple of effective business organizations. The methods used to train managers remain largely the same. What may change will be the types of tasks managers are expected to supervise. Challenges associated with diversity and globalization will also have an impact on career development and manager training systems.

Union–management relations will stay unaltered unless changes in the legal system dictate otherwise. In Europe, a greater degree of cooperation exists between companies and employee unions. Managers from the United States who work with European Union countries will need to understand the differences. The number of unionized employees continues to dwindle in the United States. Time will tell if that trend will continue, or if new types of jobs will become targets of union organizers. If so, some managers may find themselves dealing with unionized employees for the first time.

## Leading

As discussed in Chapters 5 and 6, leading in a business context consists of all activities undertaken to help people achieve the highest level of performance. Leadership means influencing behaviors in organizations. Remember that managing is about coping with complexity. Leadership is about coping with change. Both will be high priorities for supervisors, middle managers, and executive managers of the future. Leading functions in the future will continue to involve the following processes:

- Managing power
- Providing leadership
- Motivating employees
- Directing teams and groups
- Communicating effectively

The dynamics of power can transform quickly in the modern world. One trend has been that experts have a growing source of power. Experts manage uncertainty or anything that threatens an organization's well-being. Experts are also boundary spanners who deal with external organizations that make demands on a company (the government, suppliers, retail outlets, special interest groups). Those who protect the organization have power. As managing uncertainty and boundary-spanning activities continue to increase, the power level of those involved will continue to rise.

Leadership may be provided in various ways. Standard views of people-oriented and production-oriented leaders are giving way to new concepts. Many organizations actively seek out transformational leaders; however, others rely on technocrats—persons well versed in technologies—who also exhibit the ability to influence others.

Motivating employees requires adaptation as a new generation of workers enters the business world. Workers in the Greatest Generation seemed driven by career success, and Baby Boomer workers seemed motivated by the intense competition associated with larger numbers of people

of the same age, but several new generations have emerged: Generation X and Millennials. Many current employment experts believe members of these generations view themselves more as free agents who are willing to move between organizations and have a much lower sense of commitment or obligation to any one company (Bellevue University, 2010). These individuals believe life should be balanced between home and work. As each new group of people comes of age, you can expect a different set of values to appear again.

Directing teams and groups is quite likely to be part of your job description. The complex nature of tasks makes them necessary. Many managers will succeed and receive promotions when they exhibit the ability to create team players and manage intergroup and intragroup conflicts.

Finally, as always, communication systems require constant monitoring and updates. Individual managers as well as departments and organizations will need the most current technologies and messages delivered in a timely, relevant, and understandable fashion.

## Controlling

Controlling is the process of evaluating performance against established goals and creating appropriate methods for taking corrective action to maintain or improve performance in any area of the organization. The standard control process follows these steps:

1. Establish and review standards set in the planning process.
2. Measure performance at the strategic, tactical, and operational levels.
3. Compare performance outcomes with the standards that were set.
4. Make a decision:
  - Successful performance should be rewarded.
  - Unsuccessful performance should be corrected.

The important link between setting standards in the planning process and following up on them in the controlling process remains a vital part of managing. Performance measures will continue to operate on the three main levels. Many conglomerates rely on profit centers and strategic business units to serve as additional layers in the controlling function.

Companies will modify tactical controls to fit with changing technologies. For example, most companies now assess the results of online marketing efforts against one set of standards and the use of traditional media using another. Similar modifications are made with the technologies that affect the production process. Also, outsourcing changes the ways in which quality standards are set and evaluated. A company may find itself held responsible for a defect in a part made in another country (Nolo Law, 2013).

As a manager, your job is to remember the importance of rewarding successful performance. It will be one of the keys to motivating employees and will play a major role in your credibility as a manager. The type of manager destined to fail has always been the one who promises but does not deliver rewards.



*Creatas Images/Thinkstock*

▲ Effective managers remember to reward successful performances.

Controlling helps companies stay on the track to success. In the coming years, periods for control will continue to shorten. The term *real time* has taken on new meaning in the business world. Many events and activities can be observed while they are taking place. Reliance on feedback control can be expected to diminish as the use of concurrent and feedforward control increases.

### Connecting the Five Functions

The five functions of management—planning, organizing, staffing, leading, and controlling—have many close linkages. Planning is part of every other management function. Creating and maintaining an organization's design requires planning. One of the first steps in staffing is human resource planning. Leading requires planning. Leaders rely on motivational programs that are planned in advance. Teams and groups use plans to direct activities. Communication systems and all the new iterations of those systems necessitate careful planning to spot new trends and to implement changes in technologies. Planning is the basis of control through the use of standards.

The organizing function shares similar bonds with other management functions. The first element of organizing, job design, is shared with the staffing function. Job specifications established in the job design aspect of organizing are used to recruit and select employees. Employees who fit are able to work well in company-prescribed teams and groups and to communicate effectively within the system. Staffing shares the human element with leading. Staffing involves choosing the right people. Leading includes enticing the highest levels of performance from those people. Controlling has one element in common with staffing. Both are involved in the performance appraisal process for individual employees. Standards link controlling and planning. Further, controlling begins the process of creating the next set of plans.

In summary, the linkages between the five management functions make them inseparable activities. Successful managers understand the links and carefully follow through on every aspect of the management program.

## 8.3 Managing Change

By now it is clear that we can expect change to be a routine part of organizational life. Alvin Toffler (1970) predicted the trend nearly half a century ago. At the same time, Toffler also noted that people exhibit a natural tendency to resist change.

### Resistance to Change

Employees resist change for a variety of more and less logical reasons. The following are some common rationales (Kotter & Schlesinger, 1979/2008):

- Self-interest
- Lack of understanding
- Lack of trust
- Differing assessment
- Low tolerance for change

Employees resist change for self-interest reasons when they realize that levels of power, money, prestige, job security, and personal convenience are at stake. The **sunk costs doctrine** suggests that over time, a person's investment in a company escalates, driving personal resistance

to change. Individual resistance can be based on simply not understanding why a change has become necessary or on employees' lack of trust in management's motives. Differing assessments occur when employees do not view a change as necessary. Those with a low tolerance for change also tend to be resistant. The standard responses to resistance to change are summarized in Table 8.2.

**Table 8.2** Overcoming resistance to change

Strategy	Description
Education and communication	Explain its necessity and answer questions.
Participation and involvement	Engage workers in making the change.
Facilitation and support	Carefully plan the change and carry out the plan.
Negotiation and agreement	Use the bargaining approach to engage workers in discussions.
Manipulation and cooptation	Use the political approach to gain compliance.
Explicit and implicit coercion	Use managerial power to enforce the change.

Source: Adapted from John P. Kotter and Leonard A Schlesinger (1979). Choosing strategies for change, Harvard Business Review, March–April, p. 111.

Managers choose from these strategies based on the nature of the change. The greater the degree of change, the larger the number of tactics that will be employed. In nearly every circumstance, managers should engage in education and communication. Doing so helps reassure and inspire confidence in employees that the change being undertaken is indeed necessary and that it will not unduly affect them in negative ways. Participation gives people a stake in the outcome. When they are involved and help implement the change, it will be less threatening and they are more likely to support what must be done. Facilitation and support are essential, especially when a change is more dramatic. Proper planning means that the change can be implemented more smoothly and with fewer disruptions to other activities. In some circumstances, negotiation becomes necessary. Organizations that are unionized and those that are employee owned find it beneficial to sit down and iron out differences before implementing the change. Manipulation and coercion should be last resorts. Only when all other tactics are doomed to fail are these methods used.

### Lewin's Attitudinal Change Model

Management efforts, including implementing change, become more likely to succeed when careful planning and execution take place. The steps of persuasion are preparation, unfreezing attitudes, moving attitudes, and refreezing attitudes. Each element must be coordinated with the others to achieve optimal results.

#### *Unfreezing Attitudes*

Kurt Lewin's (1943, 1997) model of attitudinal change begins with **unfreezing** existing attitudes. A successful persuasive argument begins by convincing the audience members that their previously held perspective has flaws or may create problems in some way. Unfreezing attitudes begins with capturing attention.

The second element in unfreezing attitudes, called **force-field analysis**, involves identifying and spelling out the forces that call for change and those that push back against those forces. Those in the audience must become motivated to believe that forces for change are stronger than any resistance. When this happens, it becomes possible to move attitudes.

## MANAGEMENT IN PRACTICE

### *The Power of Preparation*

Successful managers recognize the power of preparation when implementing a major change. It helps to make persuasive arguments part of the process; preparation involves correctly combining the ingredients required. Four elements are combined during the preparation process: the audience, the message, the medium, and the persuasion objective. The AIDA model, first developed by E. St. Elmo Lewis, often is part of a persuasive message (Bennett, Cunningham, & Dees, 2006).

In this model, AIDA is an acronym meaning “attention, interest, desire, action.” Attention must be gained before a persuasive argument can begin. The audience must want to hear what you have to say about a problem, idea, or proposal; otherwise, the persuasion attempt will fail. Interest draws the audience in by attaching the subject to things they value. Creating interest includes adding details that more fully engage the audience in your presentation. Desire results from exposing the audience to claims and evidence supporting a specific position. Strong desire results when audience members begin to believe that your proposed course of action is in some way favorable to them. Action takes place when the audience clearly understands what to do and thinks the activity will be easy to pursue. An effective call to action will be based on the motivation created in the desire phase and will direct the audience to a specific task or behavior. Proposing a deadline assists in inspiring greater motivation.

These elements combine parts of the five management functions, most notably planning and leading. An effective AIDA approach requires careful planning along with understanding of motivation, communication, and leadership. AIDA can be used to influence employee attitudes as well as guide them to take action when other organizational changes are required.

#### **Discussion Questions**

1. To get attention, should a manager use humor, fear, a factual method, or some other approach when addressing an audience?
2. When making a persuasive argument, should the presentation be short or long?
3. What kinds of things would cause a persuasive argument to fail or not achieve its intended goal?

### *Moving Attitudes*

Moving persons toward revised or new attitudes may be accomplished by using one or more of the three types of persuasive appeals. Aristotle was the first to suggest that persuasive messages contain three elements: logos, ethos, and pathos. These three methods can be used to help move attitudes and make necessary changes in organizations.

*Logos* refers to the use of logical appeals to move attitudes. The target will be the cognitive or rational component of an attitude. Logic introduced inductively or deductively seeks to move the audience toward a new point of view. Supported by facts and evidence that are correct and carefully chosen, logos derives its power from convincing the audience through dispassionate reasoning.

*Ethos* refers to an ethical appeal based on expertise or credible information. The practice of citing academic research and other scientific studies represents this approach. Lewin notes that ethos will be stronger when the audience knows the expert source. For example, an audience that is familiar with marketing notable Philip Kotler will be more persuaded by quotes from him or his books.

*Pathos* involves more than simply being emotional. The speaker or presenter must find a story, picture, or episode that demonstrates the superiority of his or her position while at the same time evoking emotions. Images such as someone in pain due to a physical injury may be tied to statements about the impact of a company's decisions to strengthen workplace safety procedures. The pathos appeal provides a powerful tool in the process of changing employee attitudes.

The final element of moving attitudes will be anticipating objections. Methods for use in fighting off counter-persuasion include stating the opposing point of view and refuting it, encouraging employee commitment to your perspective, and warning the audience that others will try to dissuade them (Booher, 1994; Vasallo, 2002).

### **Refreezing Attitudes**

**Refreezing** attitudes takes place at the conclusion of a persuasive presentation. In addition to a call to action, the audience should be reassured they are about to engage in a positive activity. As the word *refreezing* suggests, this stage is about establishing stability once the changes have been made. The changes have been accepted and become the new norm. People form new relationships and become comfortable with new routines, which can take time. It should be noted that the refreezing stage of Lewin's model has been criticized. Solidifying a new perspective may not be possible, especially in today's more dynamic business environment. At the same time, without a call to action, the other elements of attitudinal change become far less valuable.

In summary, three thoughts become clear when considering the nature of change and the five managerial functions. First, change is inevitable. Second, change processes require management planning and coordination. And third, change involves not only engaging in various company activities, but altering employee attitudes and desires to resist change at the same time.

## **8.4 Management Careers**

Perhaps the best part of choosing to study management and pursuing a career in management is being able to connect it with your personal interests. For those of you with an interest in accounting, the logical career path will become managerial accounting. In an accounting department, you will be able to apply your technical skills with management knowledge. In the area of production, the first step for most will be as a line foreman or supervisor. In those positions, individuals who have been promoted from the rank and file may need the greatest amount of resocialization. They are now supervising what were their peers and friends. Making the transition to supervision can be difficult. In the field of human resources, managing a department requires a great deal of technical knowledge, including an understanding of the legal environment. Preparation in this area will likely concentrate on the wide variety of activities performed in the human resources department, with a healthy dose of cost-control advice mixed in.

For those most comfortable in marketing and sales, expect to manage people with higher levels of creativity in marketing and an interest in financial rewards in sales. The most successful people in marketing are those who create new ideas and methods to attract and keep customers. Salespeople tend to be most interested in reward structures. As one successful sales manager put it, "Salespeople are into stuff. They like the things that money can buy. They like the lifestyle. It helps to understand that first."

Managing research and development and information technology involves oversight of processes. Innovations and inventions take time. Setbacks occur along the way. Websites have to be continuously updated and improved. Each new generation of computing devices alters the

best ways to deliver information to employees and customers. In summary, the job description for a manager represents a wide range of potential work situations. Managing the staff in a doctor's office is not the same as managing a police force. The best model for you to follow is the person–organization fit. When you find the right home, take advantage of your knowledge and skills to establish a successful career. The following are some other assets you can acquire to help in that process:

- Learn a second language.
- Indicate your willingness to learn.
- Improve your social skills.
- Be a team player.
- Understand the difference between political managers and real managers.

Each of these abilities will help you achieve your career goals.

### Learn a Second Language

If you are a U.S. citizen, odds are you speak only English. A fortunate few speak a second language. Fluency in key languages such as Chinese, Hindi, Spanish, and French greatly increase your value to the company. Speaking, reading, and understanding a second language can help in specific companies and circumstances.

Many universities now offer international business or international management as a major. Part of that educational process includes an overseas experience and training in a second language. You can do both of these things on your own.

### Indicate Your Willingness to Learn

You have already demonstrated a willingness to learn by taking a management course. When your formal education is complete, learning continues. The first step might be the employee training program that begins your next job. From there, many of you hope to be included in a company's manager training program. At the same time, you can learn on your own. Beyond



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▲ Learning a second language can increase your value to an organization.

acquiring a second language, you can keep up on current events, read about technical skills in your field, and learn lessons from others by reading their works as well as attending conferences and seminars. As one manager put it, “Everything you learn has the potential to open another door.”

### Improve Your Social Skills

Do you know how to work a room? The ability to comfortably interact with others comes naturally to some. If you are not one of the lucky ones who can easily interact with others, there is room for improvement. As with any other talent, the key is practice. It may seem silly, but practicing a

handshake may be a good place to start. Having a firm but not hard grip exudes confidence. Maintaining eye contact shows you have nothing to hide. Verbally, a good rule to remember is that the best way to lead someone to think that you are intelligent is to ask the person about his or her interests. Always try to remember one key thing about a person you meet, whether it is about a hobby, favorite team, recent event, or some other memorable characteristic. It provides a starting point for your next conversation.

Social skills include your style of dress and table manners. Those who are fashion challenged should seek the advice of people who always seem to be appropriately dressed. Table manners are a must. Most job interviews and many important business meetings include a meal. Knowing what to order and how to dine without making a mess are necessities. Poor table manners distract from the content of the meeting and make you seem unprofessional.

Also, have someone secretly record your conversations. How many times did you fall back on using “ya know” and “like”? While the world has changed, and many people now use these verbal crutches, those who do not maintain an edge. Speaking like a professional is an important part of having good social skills. Social skills play major roles in getting jobs and being promoted. Many young people have learned various bad habits. If that includes you, now is the time to start working on getting rid of those unwanted habits (Whelton, 2011).

### Be a Team Player

As one cynic put it, “The secret to success is humility. Once you can fake that, you have it made.” In truth, it may be worth your while to have candid conversations with people you trust and love. If they tell you that your ego always seems to be out on your sleeve, you have a problem. An effective team player shares information, encourages others, and does not always have to be the center of attention. Good team players do get noticed and even admired and promoted.

### Become a Real Manager, Not a Political Manager

Noted management expert Fred Luthans explains the difference between a political manager and what he terms a real manager. A political manager serves his or her own interests first. The person’s readily apparent goals are to build power and be promoted. These types of managers engage in political tactics to get noticed and seem like they are in charge, even when they are not.

In contrast, a real manager is one who actually enjoys managing. This includes paying attention to and implementing all the management functions as well as building relationships with employees in the workplace. A real manager coordinates activities with other managers rather than engaging in turf wars. A real manager engages in conversations, not confrontations. Real managers are the kinds of people who get things done and make organizations work effectively (Luthans, Hodgetts, & Rosencranz, 1998).

### Achieving Career Success

When thinking about a successful career, your first step is to define what that means to you. For some, a successful career means having enough money and enough free time to enjoy other aspects of life such as hobbies, family, and travel. For others, success can mean only one thing: becoming a CEO or president of a company. In essence, part of your life plan should be establishing a personal mission, which is what you want to achieve in a career.

One view suggests that five components are necessary for career success:

1. Education
2. Experience
3. Effort
4. Training
5. Opportunity

Each of these is in your hands. You can enhance your educational attainments. Experience is garnered over time and with involvements. Effort shows on performance appraisal forms and in how daily work is conducted. Training takes the form of employee and manager training programs and your willingness to excel in those programs. The final component, opportunity, requires you to pay attention. Do not allow yourself to be trapped in a dead-end job. Always be on the lookout for that next career adventure. Good luck.

## Summary

A variety of trends are shaping the conduct of business and management processes in the areas of political events, social developments, economic events, and technological innovations, as well as in the changing nature of competition. In the area of social changes, diversity management means finding ways to understand and work with members with noticeable differences, such as members of minority groups, immigrants, members of the opposite sex, and persons with differing sexual orientations, as well as in relationships between older and younger workers. Globalization further influences the conduct of business and the diversity present in many companies.

The five functions of management, planning, organizing, staffing, leading, and controlling have many close linkages. Successful managers understand the links and carefully follow through on every aspect of the management program.

We can expect change to be a routine part of organizational life going forward. Still, people exhibit a natural tendency to resist change. Employees resist change for a variety of reasons, including self-interest, lack of understanding of management's intentions, lack of trust in management, differing assessments of the need for change, and an especially low tolerance for change. Common strategies for overcoming resistance to change include education, communication, participation, involvement, facilitation, support, negotiation, manipulation, cooptation, and coercion. The steps of persuasion used to make changes include preparation, unfreezing attitudes, moving attitudes, and refreezing attitudes. Each element must be coordinated with the others to achieve optimal results.

Tactics that might help individual employees achieve their career goals include learning a second language, demonstrating a willingness to learn, improving personal social skills, becoming a team player, and understanding the differences between political and real managers. Further, five components are necessary for career success, including education, experience, effort, training, and opportunity. Each of these achievements is in your hands.

## CASE STUDY

### *Player Safety and the NFL*

The National Football League has enjoyed a great deal of popularity for well over a half century. In the past three decades, Super Bowl Sunday has become nearly a national holiday in the United States. Professional football now draws interest in countries around the world.

At the same time, various factors are beginning to influence how the game is, or should be, played. The NFL Players Association has expressed increasing interest in safety issues for nearly a decade. Recent events have heightened the urgency of this concern.

The impact of concussions on players is only beginning to be understood. A rash of player suicides has spurred further interest in understanding how brain injuries might lead to sudden bursts of self-destructive and violent acts. Others discover that they have lower brain functioning, impaired memory, and problems with depression as the result of brain injuries.

The net result of some of this concern has been a lawsuit against the league by former players. In 2013, a settlement was reached in which \$765 million was paid to veterans of the league. Many considered the amount to be far too small (*The Guardian*, 2013).

Further, other injuries have affected the management of the sport. When players view various tactics as unnecessary and likely to end their careers prematurely, efforts have been made to lessen their use. The Players Association, working with the owners, has sought to protect players from being hurt by these tactics. Rules have been changed, fines have been instituted, and players have been suspended for hurting others in ways that are now considered out of bounds.

Player safety has also been affected by the use of performance-enhancing drugs. Steroids and human growth hormone have been used to give some individuals an unfair advantage on the field. Increased testing and larger penalties have been instituted as a result.

In essence, while the sport continues to enjoy unbridled popularity, these larger issues continue to exist. The future of the NFL and its players rests in the decisions that various groups will make in the coming years.

#### **Discussion Questions**

1. Explain how the factors present in the external environment might be affecting the operations of the NFL.
2. Explain how the five functions of management may be influenced by an increasing emphasis on player safety.
3. To emphasize the importance of player safety to various groups, use the three steps of Lewin's attitude change model to influence opinions of
  - players
  - owners
  - the general public
4. How might issues of player safety in football be related to safety issues in other types of organizations, such as trucking and manufacturing?

## Key Terms

**boundaryless organization** One that consists of individuals working together on projects from various companies and institutions with less regard to traditional borders.

**contingency planning** Preparing and developing "what if?" plans for unforeseen events.

**expatriate** An employee who is sent from a home country (where the home office is located) to the host country.

**host country employee** Someone who lives in a foreign country where work will be performed who oversees the activities in that nation.

**force-field analysis** Involves identifying and spelling out the forces that call for change and those that push back against those forces.

**refreezing** What occurs at the conclusion of a persuasive presentation regarding an attitude that includes a call to action to engage in a positive activity.

**sunk costs doctrine** A doctrine that suggests that over time, a person's investment in a company escalates, driving personal resistance to change.

**third-party national** Someone who does not live in either the home or host country.

**unfreezing** A process that involves convincing the audience that their previously held perspectives or attitudes have flaws or may create problems in some way that begins with capturing attention.

## Critical Thinking

### Review Questions

1. What political issues that are likely to affect the world of business in the coming years are described in this chapter?
2. What social trends have made an impact on business and will continue to do so in the future?
3. What individual characteristics are associated with diversity?
4. How does technology affect the management of organizations?
5. What are the two positions regarding the effects of globalization on international commerce?
6. What are the steps of the planning process?
7. What is a boundaryless organization?
8. What are the major functions provided by the human resources department?
9. What is meant by the terms *host country employees*, *home country employees*, and *third-party national employees*?
10. What are the primary leading functions and activities?
11. Explain how planning is related to the other four management functions.
12. What factors cause employees to resist change in their companies?
13. What methods can managers use to overcome resistance to change in their companies?
14. What are the three steps in Lewin's attitudinal change model?
15. What assets can you acquire to improve your odds of enjoying a successful career?

## Analytical Exercises

1. Which of the five main factors in the external environment, political, social, economic, technological, and competitive forces do you believe will have the biggest impact on business in the next decade? Defend your answer. Which will have the least impact? Defend your answer.
2. Explain the ways in which the following statement is true: Diversity and communication interact to create greater complexity in today's business world.
3. Do you think social media websites such as Facebook and Twitter will continue to exhibit a dramatic impact on business in the future? Why or why not?
4. Of the five management functions, planning, organizing, staffing, leading, and controlling, which do you expect will experience the most dramatic changes in the next decade? Defend your answer. Which will have the least amount of change? Explain your answer.
5. Explain how the processes of unfreezing attitudes, moving attitudes, and refreezing attitudes might take place in the following circumstances:
  - Explaining the necessity of layoffs to a group of employees
  - Merging with a competitor from another country
  - Promoting a person of the Islamic faith to CEO of a major company in which racism and intolerance are well documented
6. Which type of leader will be most valuable in the next decade in the following types of organizations, a transformational leader or a technocrat?
  - collegiate basketball
  - network television
  - manufacturing appliances
  - selling all forms of insurance
7. Construct a personal balance sheet, as follows:

**Your Assets**

**Your Liabilities**

**Your Net Value to a Company**

Then, write out your plan for increasing your assets, (go back to school; learn a foreign language), reducing your liabilities (get over fear of public speaking, be on time to meetings rather than tardy), and raising your net value (promotability; pay) to a company in terms of specific goals and activities.

