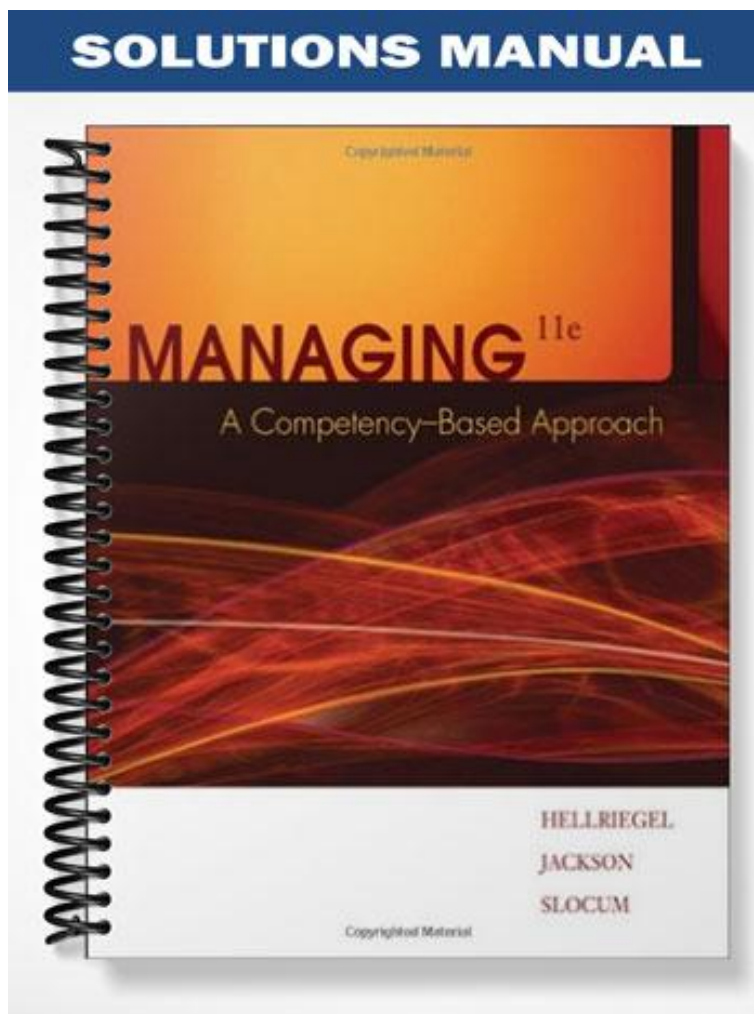


SOLUTIONS MANUAL



MANAGING 11e

A Competency-Based Approach

HELLRIEGEL
JACKSON
SLOCUM

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CHAPTER 2: LEARNING FROM THE HISTORY OF MANAGEMENT THOUGHT

CHAPTER 2: POWER POINT 2.0 LEARNING FROM THE HISTORY OF MANAGEMENT THOUGHT



CHAPTER OVERVIEW

This chapter introduces several influential viewpoints and approaches that have shaped managerial thinking during the past 100 years. Ideas from bureaucratic, scientific, and administrative management greatly influenced early managerial practices. Later, new ideas of managing stressed the human or behavioral aspects of managing. During World War II, industry and the armed forces developed sophisticated management systems to coordinate war efforts. Then, as organizations grew and became global, none of the earlier management concepts seemed to apply totally to various situations. The contingency approach stressed that these concepts could be applied under some conditions but not under others. Today's managers are concerned primarily with the quality viewpoint of management as a way to meet consumer demand throughout the world for quality products and services.

LEARNING GOALS

After studying this chapter, the student should be able to:

1. Describe the three branches of the traditional viewpoint of management: bureaucratic, scientific, and administrative.
2. Explain the behavioral viewpoint's contribution to management.
3. Describe how managers can use systems and quantitative techniques to improve employee performance.
4. State the two major components of the contingency viewpoint.
5. Explain the impact of the need for quality on management practices.

 PPT 2.1 & 2.2: Learning Goals for Chapter 2. 

CHAPTER 2: POWER POINT 2.1 LEARNING GOALS

**CHAPTER 2: POWER POINT 2.2
LEARNING GOALS (CONTINUED)**

CHAPTER OUTLINE

- I. *Challenge of Managing: Starbucks*
- II. Traditional Viewpoint
 - A. Planning and Administration Competency: Pulte Homes
- III. Behavioral Viewpoint
 - A. Teamwork Competency: TDIndustries
- IV. Systems Viewpoint
 - A. Ethical Challenge: Attack of the Blogs
- V. Contingency Viewpoint
 - A. Multicultural Competency: Royal Philips Electronics
- VI. Quality Viewpoint
 - A. Self-Management Competency: Walking the Talk at Timberland
- VII. Developing Your Competencies
 - A. Experiential Exercise: Managing an Organization
 - B. Case to Develop Critical Thinking: Richard Baker, CEO, Alliance Boots

KEY TERMS AND CONCEPTS

Forty key terms and concepts are developed in Chapter 2. The key terms and concepts, along with definitions or appropriate descriptions are as follows:

Acceptance theory of authority: employees have free wills and thus choose whether to follow management's orders.

Administrative management: focuses on the manager and basic managerial functions.

Authority principle: managers have the right to give orders to get things done.

Authority structure: refers to who has the right to make decisions.

Behavioral viewpoint: focuses on dealing effectively with the human aspects of organizations.

Blog: a journal that is available on the Web.

Bureaucratic management: refers to the use of rules, a set hierarchy, a clear division of labor, and detailed procedures.

Charismatic authority: evident when subordinates suspend their own judgment and comply voluntarily with a leader because of special personal qualities or abilities they perceive in that individual.

Closed system: limits its interactions with its environment.

Contingency viewpoint: (sometimes called the situational approach) states that management practices should be consistent with the requirements of the external environment, the technology used to make a product or provide a service, and capabilities of the people who work for the organization.

Division of labor: refers to the splitting of work into specialized positions.

Ecometrics: a measure of the environmental impact of a manufacturing a product on the planet.

Feedback: information about a system's status and performance.

Functional foremanship: a division of labor that assigned eight foremen to each work area.

Gantt chart: a visual plan and progress report.

Hawthorne effect: When employees are given special attention, productivity is likely to change regardless of whether working conditions change.

Hierarchical structure: ranks jobs according to the amount of authority (the right to decide) in each job.

Impersonality: employees are evaluated according to rules and objective data, such as sales or units produced.

Inputs: the human, physical, material, financial, and information resources that enter a transformation process.

Lifelong career commitment: both the employee and the organization view themselves as being committed to each other over the working life of the employee.

Measuring by attribute: evaluates product or service characteristics as acceptable or unacceptable.

Measuring by variable: assesses product characteristics for which there are quantifiable standards (length, diameter, height, weight, or temperature).

Open system: interacts with the external environment.

Outputs: the original inputs (human, physical, material, financial, and information resources) as changed by a transformation process.

Quality: how well a product or service does what it is supposed to do—how closely and reliably it satisfies the specifications to which it is built or provided.

Rationality: the use of the most efficient means available to accomplish a goal.

Rational–legal authority: the use of established laws and rules that are applied uniformly.

Rules: formal guidelines for the behavior of employees while they are on the job.

Scientific management: a philosophy and set of management practices that are based on fact and observation, not on hearsay or guesswork.

Sigma: a unit of statistical measurement, which in this context is used to illustrate the quality of a process.

Statistical process control: the use of quantitative methods and procedures to determine whether transformation operations are being done correctly, to detect any deviations, and, if there are any, to find and eliminate their causes.

System: an association of interrelated and interdependent parts.

Systems viewpoint: an approach to solving problems by diagnosing them within a framework of inputs, transformation processes, outputs, and feedback.

Technology: the method used to transform organizational inputs into outputs.

Time-and-motion study: identifying and measuring a worker's physical movements when performing a task and then analyzing the results.

Total quality management: a philosophy that makes quality values the driving force behind leadership, design, planning, and improvement initiatives.

Traditional authority: based on custom, ancestry, gender, birth order, and the like.

Traditional viewpoint: stresses one best way to manage by following certain prescriptions.

Transformation processes: the technologies used to convert inputs into outputs.

Unity of command principle: an employee should report to only one manager.

ANNOTATED LECTURE OUTLINE

I. *Challenge of Managing: Starbucks*

Starbucks products can be found in restaurants, hotels, offices, and airlines, and it operates and licenses more than 8,500 stores in over 30 countries. Schultz and his top management team face challenges from domestic competitors. One challenge is to decide whether the company should expand into food service. In pilot stores, its hot breakfast items are selling very well, but should it roll out these products to all of its stores? Another challenge is transporting its management viewpoint to other countries, such as France and China, where customers have a different set of cultural values. Starbucks has not been able to establish a cult-like following in Germany and France. In Shanghai, the hours start at 8:00 A.M. and close early.

- To learn more about Starbucks, visit <http://www.starbucks.com>.

Learning Goal 1: Describe the Three Branches of the Traditional Viewpoint of Management: Bureaucratic, Scientific, and Administrative.

II. Traditional Viewpoint

A. Major Changes in Late 1800s

1. shift from agrarian to urban society
2. rise of corporate capitalism ruled by prosperous professional class
3. mergers, acquisitions, and cutthroat competition created huge monopolies
4. labor viewed as a commodity

PPT 2.3: Traditional Viewpoint

B. Viewpoints of Management

1. traditional (or classical), behavioral, systems, contingency, and quality
2. based on different assumptions about
 - the behavior of people in organizations
 - the key goals of an organization
 - the types of problems faced
 - the methods that should be used to solve those problems

CHAPTER 2: POWER POINT 2.3 TRADITIONAL VIEWPOINT

PPT 2.4/Figure 2.1: History of Management Thought.

This slide depicts the time frame in which each viewpoint came into existence.

When discussing this slide:

- emphasize that each successive viewpoint is not a replacement for the previous viewpoints but a supplement or an alternative.
- mention that all these perspectives are currently used by different organizations.

**CHAPTER 2: POWER POINT 2.4
HISTORY OF MANAGEMENT THOUGHT**

C. Traditional (Classical) Viewpoint

1. Bureaucratic Management

- a. Max Weber (1864-1920)
- b. refers to use of rules, a set hierarchy, a clear division of labor, and detailed procedures
- c. seven desirable characteristics
 - rules
 - formal guidelines for the behavior of employees while on the job
 - ensure uniformity of procedures and operations and help maintain organizational stability and discipline
 - impersonality
 - employee evaluation based on rules and objective data rather than personal whims of manager
 - division of labor
 - splitting of work into specialized positions
 - enables efficiency in use of personnel and job-training resources
 - hierarchical structure
 - a pyramid-shaped structure
 - ranks jobs according to amount of authority in each job
 - authority structure
 - determines who has right to make decisions of varying importance at different levels within the organization
 - three types: traditional, charismatic, and rational-legal
 - lifelong career commitment
 - employee and company committed to each other over working life of employee
 - 📖 Discuss the nature of the changing "psychological contract" between employees and employers.
 - rationality
 - use of most efficient means available to accomplish a goal

📖 PPT 2.5 & 2.6: Bureaucratic Management

- ☑ Ask students which aspects of bureaucracy they view as most/least relevant to organizations today.

📖 **What Motivated Weber** 📖

Although "bureaucracy" has a negative connotation for most people, Weber's intentions were noble.

- ☑ He proposed this system of management to combat the rampant favoritism in organizations.
- ☑ He wanted employees to be treated in accordance with their role in the organization rather than on the basis of their personality or family lineage.

**CHAPTER 2: POWER POINT 2.5
BUREAUCRATIC MANAGEMENT**

**CHAPTER 2: POWER POINT 2.6
BUREAUCRATIC MANAGEMENT (CONTINUED)**

Snapshot: Michael Eskew, Chairman and CEO, UPS

“Each job has a policy manual detailing the rules that a person needs to follow to ensure efficiency. Drivers are told to walk to a customer’s door at a brisk pace of 3 feet per second, carrying the package in the right hand and clipboard in the left. They should knock on the door so as not to lose valuable seconds searching for a doorbell.”

**CHAPTER 2: POWER POINT 2.7
SNAPSHOT: MICHAEL ESKEW, CHAIRMAN AND CEO, UPS**

■ PPT 2.8/Figure 2.3: Bureaucratic Continuum. ■

This slide depicts the ranking of various organizations based on their bureaucratic orientation. When discussing this slide, ask students:

- to describe a positive and a negative encounter they have had with a highly bureaucratic organization.
- to describe aspects of their classes that are bureaucratic and non-bureaucratic.
- to consider the relationship between fairness and bureaucracy.

**CHAPTER 2: POWER POINT 2.8
BUREAUCRATIC CONTINUUM**

2. Benefits of Bureaucracy
 - a. efficiency
 - b. consistency

■ PPT 2.9: Potential Benefits of Bureaucracy

**CHAPTER 2: POWER POINT 2.9
POTENTIAL BENEFITS OF BUREAUCRACY**

Planning and Administration Competency: Pulte Homes

Pulte Homes is a \$12 billion dollar company that follows the basics of bureaucracy. Pulte builds 100 homes a day in 54 metro markets. Detailed segmentation drives every decision. The land acquisition department scouts states, cities, and neighborhoods to study target customers. This team conducts demographic studies on what each segment wants. Pulte has reduced floor plan options and standardizes them in each segment of homebuyers. All homes use supplies purchased from an approved list of suppliers.

To learn more about this organization, visit www.pulte.com.

3. Costs of Bureaucracy

- c. rigid adherence to rules and routines for their own sake
- d. managerial focus on protection of authority rather than employee productivity
- e. slow decision making
- f. incompatibility with changing technology
- g. incompatibility with workers' values of
 - performing challenging work
 - serving clients and customers
 - finding innovative solutions to problems

PPT 2.10: Potential Costs of Bureaucracy

**CHAPTER 2: POWER POINT 2.10
POTENTIAL COSTS OF BUREAUCRACY**

4. Insights from Bureaucratic Management

- h. still widely and successfully used today
- i. most effective when
 - large amounts of standard information have to be processed
 - an efficient processing method has been found
 - the needs of the customer are known and aren't likely to change
 - the technology is routine and stable
 - the organization has to coordinate activities of numerous employees to deliver a standardized service or product

5. Scientific Management

- a. Frederick W. Taylor (1856-1915)
 - i. management system based on fact and observation
 - eliminate guesswork
 - increase efficiency by using objective, scientific techniques
- b. Three Key Characteristics of Scientific Management
 - i. time-and-motion studies
 - identify and measure workers' physical movements

- analyze results
- delete movements that slow down production
- ii. functional foremanship
 - expertise is the only source of authority
 - links authority and area of specialization
- iii. piecework pay system

PPT 2.11: Scientific Management

- ☑ Ask students what Taylor would think of the job of a general manager. (He would be opposed to it because a general manager supervises individuals whose tasks he or she may not know.)

**CHAPTER 2: POWER POINT 2.11
SCIENTIFIC MANAGEMENT**

- c. Frank and Lillian Gilbreth (1868-1924 / 1878-1972)
 - i. Frank used motion pictures to study the structure of tasks
 - ii. Lillian championed the idea that workers should have standard days, scheduled breaks, and regular lunch periods
- d. Henry Gantt (1861-1919)
 - i. focused on control systems for production scheduling
 - ii. Gantt charts are still widely used today
 - to plan project timelines
 - adapted for computer scheduling applications
 - iii. Gantt chart is a visual plan and progress report
 - identifies work stages, completion deadlines, and project accomplishments

PPT 2.12: Scientific Management

**CHAPTER 2: POWER POINT 2.12
SCIENTIFIC MANAGEMENT**

- e. Insights from Scientific Management
 - i. proponents would recommend that today's managers
 - improve employee selection and training processes
 - seek the one best way to perform each task
 - ii. successfully utilized by firms like KFC, Honda, Canon, Intel
 - iii. ignores workers' social and self-esteem needs

PPT 2.13: Insights from Scientific Management

**CHAPTER 2: POWER POINT 2.13
INSIGHTS FROM SCIENTIFIC MANAGEMENT**

PPT 2.14: Snapshot:: David Berbauer, CEO, Walgreens

Snapshot: David Berbauer, CEO, Walgreens

“Walgreens is constantly pushing to drive costs down. It pioneered the application of satellite communications and computer technology and linked these to increase store efficiency. By using tried-and-proven management concepts, each of its 6,100 stores processes around 280 prescriptions a day and beat Wal-Mart by 27 cents and CVS by 94 cents on each prescription.”

**CHAPTER 2: POWER POINT 2.14
SNAPSHOT: DAVID BERBAUER, CEO, WALGREENS**

6. Administrative Management
 - a. Henri Fayol (1841-1925)
 - i. managers must understand basic managerial functions and apply certain principles
 - b. Two of Fayol's Principles of Management (there were fourteen)
 - i. unity of command
 - each employee reports to only one manager
 - avoids conflicting instructions from multiple managers
 - ii. authority
 - managers have the right to give orders to get things done

PPT 2.15: Administrative Management: Overview

**CHAPTER 2: POWER POINT 2.15
ADMINISTRATIVE MANAGEMENT: OVERVIEW**

7. Learning from the Traditional Viewpoint
 - a. Still Useful
 - i. bureaucratic, scientific, and administrative management still have proponents and continue to be applied effectively

Learning Goal 2: Explain the Behavioral Viewpoint's Contribution to Management.

III. Behavioral Viewpoint

- A. Developed During the Great Depression of the 1930s
1. Federal government's role in organizations increased
 2. Social Security Administration created
 3. collective bargaining legalized, unions aided by new legislation
 4. Congress of Industrial Organizations (CIO) formed
 5. focus is on dealing more effectively with the human aspects of organizations
 6. managers must change their assumptions about people if they want to lead high-performance teams and organizations

 PPT 2.16: Behavioral Management: Overview

**CHAPTER 2: POWER POINT 2.16
BEHAVIORAL MANAGEMENT: OVERVIEW**

- B. Mary Parker Follet (1868-1933)
1. Management is a flowing, continuous process.
 2. Workers should be involved in problem solving.
 3. The method used to solve problems often creates new and different problems.
 4. Four Principles of Coordination
 - best achieved when people responsible for making decision have input into that decision
 - essential during early stages of planning and project implementation
 - should address all factors in a situation
 - must be worked at continuously
 5. She was far ahead of her time.
 - advocated teamwork and shared power (i.e., power with, instead of power over)

 PPT 2.17: Mary Parker Follet's Contributions

**CHAPTER 2: POWER POINT 2.17
MARY PARKER FOLLETT'S CONTRIBUTIONS**

 PPT 2.18: Snapshot: Vickie Yoke, Senior Vice President, Alcatel

**CHAPTER 2: POWER POINT 2.18
SNAPSHOT: VICKIE YOKE, SENIOR VICE PRESIDENT, ALCATEL**

Snapshot: Vickie Yoke, Senior Vice President, Alcatel

“Managers need to have a common touch and to be a team leader and not a drill sergeant. When their people shine, they shine.”

C. Chester Barnard (1886-1961)

1. Organizations are social systems that require employee cooperation to be effective
 - continual communication essential
 - managers must examine the organization's external environment and adjust its internal structure to maintain a balance between the two
 - acceptance theory of authority
 - employees have free wills and choose whether to follow management's orders
 - they must understand what is required
 - they must believe the orders are consistent with organizational goals
 - they must see positive benefits to themselves in carrying out the orders

 PPT 2.19: Chester Barnard's Contributions

**CHAPTER 2: POWER POINT 2.19
CHESTER BARNARD'S CONTRIBUTIONS**

D. The Hawthorne Contributions

1. studies conducted 1924-1933 at Western Electric's Hawthorne plant
 - Illumination experiment—changes in lighting—productivity increased for test group and not control group
 - Second experiment—changes in various conditions—productivity increased for test group and not control group
2. The Hawthorne Effect
 - productivity likely to change when employees receive special attention regardless of changes in working conditions
 - informal work groups strongly influence productivity of employees through work group norms

 PPT 2.20: Hawthorne's Contributions

- Ask students to describe an incident in which they were influenced by attention from others. (Students often comment that faculty attention to them makes them nervous and causes their performance to suffer.)

**CHAPTER 2: POWER POINT 2.20
HAWTHORNE'S CONTRIBUTIONS**

Teamwork Competency: TDIndustries

People are the most important assets at TDIndustries that for nine straight years ranked among *Fortune* magazine's top 100 companies to work for in America. CEO Harold MacDowell attributes TDI's success to its teamwork culture based on the concept of *servant leadership*. Managers (servants) cultivate employees (leaders) by serving and meeting the needs of others. Training, discussion, and mentoring keep servant leadership central to TDI's teamwork concept.

- To learn more about TDIndustries, visit www.tdindustries.com.

E. Lessons from the Behavioral Viewpoint

1. Basic assumptions

- Employees are motivated by social needs and get a sense of identity through their associations with one another.
- Employees are more responsive to the social forces exerted by their peers than to management's financial incentives and rules.
- Employees are most likely to respond to managers who can help them satisfy their needs.
- Managers need to involve subordinates in coordinating work to improve efficiency.

-  PPT 2.21: Lessons from the Behavioral Viewpoint

**CHAPTER 2: POWER POINT 2.21
LESSONS FROM THE BEHAVIORAL VIEWPOINT**

-  PPT 2.22:

**CHAPTER 2: POWER POINT 2.22
SNAPSHOT: KIP TINDELL, PRESIDENT, THE CONTAINER STORE**

Snapshot: Kip Tindell, President, The Container Store

“Teamwork is one of the most beautiful experiences in life. Teamwork is our core value and a primary way that the Container Store enriches the quality of employees’ work life.”

ENRICHMENT MODULE

Four Ways To Reward Employees Without Spending Any Money

Cash bonuses can be great, but they are certainly not the only way to reward employees. In fact, other methods can be even more effective.

- **Let them set their own schedules.** Once a worker shows that she or he is a consistent contributor, relax some of the supervisory structure. Let stellar employees use their own judgment about when they take breaks and how long lunch should be.
- **Find advancement opportunities for them**---even outside your department if necessary. It would be better to keep good workers, but if there are no opportunities for them, actively seek out promotional possibilities in other departments. You'll lose some good workers, but that will be offset by the image of goodwill you project.
- **Give them plum assignments.** When possible, find special assignments for exceptional workers---assignments that offer a welcome change of pace. Sitting on a special task force, for example, or working on a new product launch.
- **Praise the in front of their peers.** The human being has not yet been born who doesn't relish public praise. Remember to reserve this powerful weapon for exceptional performance. Otherwise, you weaken its potent power.

This enrichment module is adapted from: Fuller, T. *The Supervisor's Big Book of Lists*. Upper Saddle River, N.J: Prentice-Hall, 1994.

Learning Goal 3: Describe How Managers Can Use Systems and Quantitative Techniques to Improve Employee Performance.

IV. Systems Viewpoint

A. An Approach to Solving Problems

1. diagnosing problems within a framework of inputs, transformation processes, outputs, and feedback
2. system
 - an association of interrelated and interdependent parts

PPT 2.23: Systems Viewpoint: Systems Concepts

CHAPTER 2: POWER POINT 2.23 SYSTEMS VIEWPOINT: SYSTEMS CONCEPTS

3. Systems Concepts

- a. inputs
 - human, physical, material, financial, and information resources that enter a transformation process
- b. transformation processes
 - technologies used to convert inputs into outputs
- c. outputs
 - original inputs as changed by a transformation process
- d. feedback
 - information about a system's status and performance

PPT 2.24/Fig. 2.4: Basic Systems View of Organizations

This slide depicts the systems framework of inputs, transformation, outputs, and feedback. When discussing this slide, ask students:

- to think of the ways in which a decision they make in part of their lives affects the other parts.
- how a decision to lower entrance standards made by the admissions' office of a college affects other parts of the college system.

**CHAPTER 2: POWER POINT 2.24
BASIC SYSTEMS VIEW OF ORGANIZATIONS**

4. System Types

- a. closed system
 - limited interaction with environment (e.g., assembly lines)
- b. open system
 - interaction with external environment (e.g., marketing)

PPT 2.25: System Types

**CHAPTER 2: POWER POINT 2.25
SYSTEM TYPES**

5. Quantitative Techniques

- a. four basic characteristics
 - primary focus on rationale decision making
 - alternatives based on economic criteria
 - e.g., costs, revenues, return on investment, and tax implications
 - use of mathematical models
 - computers are essential
 - used to solve complex mathematical models

PPT 2.26 & PPT 2.27: Quantitative Techniques

**CHAPTER 2: POWER POINT 2.26
QUANTITATIVE TECHNIQUES**

**CHAPTER 2: POWER POINT 2.27
QUANTITATIVE TECHNIQUES**

6. Learning from the Systems Viewpoint
 - a. used primarily in management of transformation processes (e.g., production) and for technical planning and decision making
 - b. can also be used to deal with human resources issues (e.g., sophisticated staffing models)
 - c. dark side of using systems to send information (e.g., a blog is a journal on the Web.)
 - wasted employee time reading blogs
 - brand-bashing
 - personal attacks
 - political extremism

Ethical Challenge: Attack of the Blogs

In 2004, bloggers posted videos showing how to break open a Kryptonite bike lock. The blog accurately exposed a design flaw, but it also spread bogus information that forced Kryptonite to spend millions replacing locks that worked perfectly. Some companies use blogs as a weapon to attack their competitors. In 2005, Sara Radicati, a consultant, published a negative report on IBM's Notes e-mail product. This led to organized outrage from bloggers who posted "investigative" articles claiming that this information was corrupt and unethical. Sara countered saying these people were a bunch of "sickos."

Learning Goal 4: State the Two Major Components of the Contingency Viewpoint.

- V. The Contingency Viewpoint (a.k.a. The Situational Approach)
 - A. Management Practices
 1. should be consistent with the requirements of
 - the external environment.
 - the technology used to make a product or service.
 - capabilities of the people who work for the organization.
 - B. Advocates
 1. various approaches (administrative, behavioral, or systems) to deal with various situations
 - C. Requires
 1. managerial judgment to determine what approach or combination of approaches to use
 - D. Technology
 1. the method used to transform organizational inputs into outputs.

Multicultural Competency: Royal Philips Electronics

In China, Philips has 35 factories and offices with more than 20,000 employees. The company's India investment is in its 1,500 software engineers who make \$500 to \$600 a month. Philips' faces different manufacturing and distribution issues in each country. The Indian factory is more efficient. Why not make more light bulbs in India? According to the CEO, it's the poor roads. Light bulbs have to be packaged in corrugated cardboard tubes, and India's shipyards can't handle the shipments. Philips has also learned that Indian employees are more creative than Chinese employees at creating new products. In India, Philips partnered with nongovernmental organizations to develop a van that takes doctors into villages and provides free medical care. However, in China, Philips can sell high-end medical equipment because the government funds the purchase the latest medical technology.

To learn more about this organization, visit www.china.philips.com.

E. Learning from the Contingency Viewpoint

1. useful because of diagnostic approach
2. more flexible than other viewpoints

f PPT 2.28/Figure 2.5: Contingency Viewpoint. **f**

This power point depicts the fact that the behavioral, traditional, and systems viewpoints are used in various situations, depending on the external environment, technology, and individuals within the organization.

Mention that the relative importance of each contingency variable depends on the type of managerial problem being considered.

**CHAPTER 2: POWER POINT 2.28
CONTINGENCY VIEWPOINT: OVERVIEW**

f PPT 2.29: Contingency Variables

**CHAPTER 2: POWER POINT 2.29
CONTINGENCY VARIABLES**

f PPT 2.30: Contingency Viewpoint Draws On Other Viewpoints, As Necessary

**CHAPTER 2: POWER POINT 2.30
CONTINGENCY VIEWPOINT DRAWS ON OTHER VIEWPOINTS, AS NECESSARY**

Learning Goal 5: Explain the Impact of the Need for Quality on Management Practices.

VI. Quality Viewpoint

A. Quality

1. how well a product or service does what it is supposed to do
2. how closely and reliably a product or service satisfies the specifications to which it is designed to be built or provided

B. Total Quality Management

1. makes quality values the driving force behind leadership, design, planning, and improvement
2. training, strategic planning, product design, management information systems, and marketing all play a role in meeting quality goals

C. W. Edwards Deming (1900-1993)

- godfather of quality movement
- poor quality is 85 percent a management problem and 15 percent a worker problem

■ PPT 2.31: Quality Viewpoint: Overview.

When discussing this slide, ask students:

- how quality affects employees.

(It empowers them, it makes them more central to the process, and it gives them something for which to strive.)

- to describe a high quality and a low quality service encounter they have experienced.
- for each experience, whether they attributed the quality of the service to an individual or to the system.

**CHAPTER 2: POWER POINT 2.31
QUALITY VIEWPOINT: OVERVIEW**

D. The Quality Control Process


1. inputs
 - quality control begins with inputs—raw materials and parts
2. transformation operations
 - statistical process control
 - use of quantitative methods and procedures to determine whether transformation operations are being done correctly, to detect deviations, and if there are any, to find and eliminate their causes

- Sigma
 - unit of measurement used to illustrate the quality of a process
- General Electric's Seven Wastes
 - waste of overproduction
 - waste of time on hand (waiting)
 - waste in transportation
 - waste in processing itself
 - waste of stock on hand (inventory)
 - waste of movement
 - waste of making defective products
- 3. outputs
 - assessment made after completion of component or entire product or provision of service
 - measure by variable (e.g., length, diameter, height, weight, temperature)
 - measure by attribute
 - evaluates product or service as acceptable or unacceptable

 PPT 2.32: Quality Control Process

**CHAPTER 2: POWER POINT 2.32
QUALITY CONTROL PROCESS**

- E. Learning from the Quality Viewpoint
1. the importance of Quality
 2. positive company image
 3. lower costs and higher market share
 4. decreased liability

 PPT 2.33/ Fig. 2.6: Learning From the Quality Viewpoint

**CHAPTER 2: POWER POINT 2.33
LEARNING FROM THE QUALITY VIEWPOINT**

Self-Management Competency: Walking the Talk at Timberland

Jeffrey Swartz is a third-generation CEO whose grandfather founded Timberland in 1952. He provides the leadership to use the resources and profits of this \$1.5 billion company footwear-and-apparel company to combat social ills, help the environment, and improve conditions of workers worldwide. Swartz encountered a challenge that changed how he managed the company. Prior to 1989, he managed by the numbers. Then, he accepted a request to donate shoes, and he and nine other employees cleaned up a house used for troubled teens. After the project, he decided that Timberland would help those who were less fortunate. When employees arrive for work, they see Timberland's Community Impact Center where they can sign up for volunteer projects. In a recent survey of Timberland employees, over 75 percent said that they would choose Timberland again as a place to work.

To learn more about this organization, visit www.timberland.com.

Snapshot: Brian Sullivan, Executive Recruiter. Christian & Timbers

“International operations aren't a backwater—they're a way to prove you can get quality on a global basis. To become a successful senior manager, you need to get involved with customer, manufacturing technologies and employees in different cultures and manufacture products that have high quality.”

ENRICHMENT MODULE Delivering Two Kinds of Quality

The Japanese have two words for quality---and an understanding of each is necessary to compete today. The Japanese expression for quality is *atarimae hinshitsu*, translated as “taken-for-granted-quality.” What do the Japanese take for granted when it comes to quality? They take for granted that things work the way they are supposed to work whether it's cars or traditional flower arranging. In today's competitive markets, manufacturers need to be very far along the quality innovation curve. If they are not, you can take for granted that they will be out of business.

The second of the two Japanese expressions for quality is *miriyoku teki hinshitsu*, which means “bewitching” or “enchanted quality.” This kind of quality appeals not to customer expectations and reliability, but rather to a person's aesthetic sense of beauty and elegance. That's what Apple Computer got right with the iPod and Bose headphones. If these products didn't work properly when you turned them on, nobody would buy them. They would lack *atarimae hinshitsu*. But with the hungry competitors in most markets today, taken-for-granted-quality by itself may not get the job done.

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F. Integration of Management Viewpoints and Competencies

1. Traditional Viewpoint

- a. focuses on efficiently organized work from employees motivated by pay

2. Behavioral Viewpoint
 - a. focuses on development of communication and teamwork competencies
3. Systems Viewpoint
 - a. focuses on inputs, transformation processes, and outputs related to organizational goals
 - b. requires managers to develop communication, strategic thinking and action, and multicultural competencies
4. Contingency Viewpoint
 - a. organizational design depends on external environment, skills of employees, and technology used to transform inputs into outputs
 - b. views job of manager as deciding whether to draw on one set of skills in a competency or on several skills across competencies
5. Quality Viewpoint
 - a. focuses on customer's expectations of goods and services

QUESTIONS FOR DISCUSSION AND REFLECTIVE THINKING

1. How can managers use the concepts of the bureaucratic viewpoint to increase the efficiency of their operation?

The expected benefits of bureaucratic management are efficiency and consistency. A bureaucracy functions best when many routine tasks need to be done efficiently. Employees can handle the bulk of the work by simply following rules and procedures. The fruits of their labor should be of standard (high) quality and produced at the rate necessary to meet organizational goals.

2. What lessons did you take away from Timberland that you can apply to your career?

The importance of a positive company image is a key management philosophy at Timberland. A positive company image helps to recruit new employees, increase sales, and obtain funds from lenders. A positive company image can influence new customers who have little direct experience with the company to shop there. A positive company image results in higher profits, lower employee turnover, and greater customer satisfaction. In a recent survey of Timberland employees, more than 75 percent said that they would choose Timberland again as a place to work, and 79 percent indicated that the reputation of the company played a major part in their decision to work for the company.

3. What competencies would you need to be employed at TDI industries? Why? You might want to refer to www.tdiindustries.com for help in answering this question.

Managers at TDI cultivate employees by serving and meeting the needs of their employees. The concept of servant leadership is central to TDI, which means that TDI emphasizes shared power, listening, and trusting others in everything it does. Another assumption is that managers need to involve subordinates in coordinating work to improve efficiency. At TDI, managers assume their followers are working with them. They are partners who work together to build the company.

4. What types of problems does systems analysis tackle?

Systems analysis tackles problems related to managing transformation processes, technical planning, and decision making. Statistical process control enables companies to keep track of the transformation processes while they are ongoing in order to detect and correct problems before they result in defective products or services, which would lead to higher costs in rework, scrap, and lost customer good will. It provides important information to be used in planning and scheduling, and helps managers make decisions related to transformation processes. Systems analysis can also tackle human resource problems such as planning for complex staffing needs.

5. What competency is most critical in applying for a managerial position at Starbucks (www.starbucks.com)?

Starbucks managers must show strength in the teamwork competency. Starbucks has a motivational system that provides a great work environment in which managers and employees treat each other with respect and dignity and work as a team.

6. Visit a local fast-food restaurant. How has the store used principles of scientific management to help managers increase their store's efficiency?

KFC used time and motion studies to reduce its average service time from two minutes to ninety seconds. Part of the process of accomplishing this involved redesigning workstations to reduce and/or eliminate unnecessary movements. This included ensuring that workers wouldn't need to take more than two steps to get what they needed, wouldn't lift anything, and from handy shelves could pull down napkins, straws, and other items needed to complete the order.

7. Visit a Starbucks coffee shop and, using the quality attributes in Table 2.2, rate Starbucks' product and service quality. How does the store stack up against these criteria?

Students should evaluate the quality of Starbucks based on performance, features, conformance, reliability, durability, serviceability, responsiveness, aesthetics, and reputation.

Performance. With a variety of coffee blends and specialty drinks, its retail sales exceeded \$3 billion in 2002. Seats are often in short supply.

Features. Natural wood tones and a "library" feel encourage people to try the varieties of product.

Conformance. A simple product line, disposal of older products (free sweet rolls at closing!), and consistency between locations shows maintenance of standards.

Reliability. Always strong and hot coffee.

Durability. Product is for immediate use and has a short shelf life.

Serviceability. Provide coffee "jackets" to solve heat transfer through environmental friendly (e.g., used recycled paper) paper cups.

Responsiveness. Fast, polite, friendly service.

Aesthetics. Relaxed atmosphere encourages people to use this as a respite even in busy locations in chain stores, bookstores, banks, and airports.

Reputation. Customers will walk past other coffee retailers to go to Starbucks.

8. Using systems concepts, describe the registration process used at your university to enroll students.

The systems viewpoint is a way of observing, thinking about, and solving problems through the diagnosis of inputs, transformation processes, and outputs. It focuses on diagnosing interrelationships between the inputs, transformation processes, and outputs of an organization. Students will likely identify the registration process for inputs. They should also consider physical structure, employee resources, and course plans. The transformation comes with the delivery of content in the classroom and student services such as housing and food service. Finally, the output comes in student evaluations, application of concepts, and the ability of students to become active participants in life after their education.

9. Why should you know about the evolution of management?

Management today reflects the evolution of concepts and viewpoints over many decades. Theorists over the past century have developed numerous models to answer the same basic management question: What is the best way to manage? We continue to study those models because they still apply to the manager's job. The five most widely accepted viewpoints of management that have evolved since 1886 are: traditional (or classical), behavioral, systems, contingency, and quality. These viewpoints are based on different assumptions about behavior of people in organizations, key objectives of an organization, types of problems faced, and solutions to those problems. It is important to emphasize that all five of these viewpoints still influence managers' thinking today. A major purpose of this chapter is to show students not only how each viewpoint has contributed to the historical evolution of modern management thought, but also how each can be used effectively in different circumstances—even into the twenty-first century.

10. What challenges face employees who are trying to implement aspects of the behavioral viewpoint in an organization?

The basic assumptions of the behavioral viewpoint include the following. First, employees are motivated by social needs and gain a sense of identity through their associations with one another. Second, employees are more responsive to the social forces exerted by their peers than to management's financial incentives and rules. Employees respond to managers who can help them satisfy their needs. Third, managers need to involve subordinates in coordinating work to improve efficiency. There may be resistance from managers who want to solve problems with “equations.” They may be intimidated by the uncertainty associated with the human element of work, and thus focus only on factors that they feel they understand and control. Furthermore, since the behavioral viewpoint is based on treating employees as individuals, it may be difficult to know which management practices work best for each person.

11. Why is quality important?

Quality is important because a reputation for high-quality products or services creates a positive image that makes the company attractive to prospective employees, increases sales, generates higher profits, reduces employee turnover, and enhances customer satisfaction and opportunities for needed funding. Quality can lead to lower costs and higher market share through reduced scrap and rework, and improved performance features and reliability. Finally, quality reduces liability caused by faulty, dangerous, and/or misrepresented products and services.

12. How does Royal Philips Electronics (www.philips.com/global) use the concepts in the contingency viewpoint to manage its global operations?

According to the contingency viewpoint, management practices should be consistent with the external environment, the technology, and capabilities of the workers. Royal Philips Electronics uses the contingency approach for manufacturing and marketing around the globe. For example, Royal Philips sold more than 80 percent of its electronics in China through hypermarkets, but in India, less than 15 percent of Philips sales come from big outlets because most products are sold from family-owned stores in urban areas. Philips' faces different manufacturing and distribution in each country. In both countries, there are simple assembly lines, but the Indian factory is more efficient than the Chinese factory. Still Royal Philips doesn't make all of its light bulbs in India because the roads are bad, and shipping is difficult, and in China, Phillips doesn't have to sell in rural areas because the custom is to buy through hypermarkets.

DEVELOPING YOUR COMPETENCIES

Experiential Exercise: Managing an Organization

This exercise uses 20 questions to help students better understand how comfortable they would feel working in a large, bureaucratic organization. It also helps them understand how their preferences reflect dimensions of the self-management competency and the planning and administration competency.

Norms help students interpret their scores:

0–7 You would most likely be frustrated by working in a very formal organization, especially a large bureaucracy.

8–14 You would experience a mix of satisfaction and disappointment from working in a large formal firm.

15–20 Large, formal firms are more compatible with your style and preferences.

Case for Competency Development: Starbucks

Questions:

This case focuses on the employee relations policies of Starbucks, a chain of coffee retailers. Their motivational system for their employee “partners” includes a work/life program, medical and dental coverage with choices, disability and life insurance, and flexible work schedules. The work/life program offers fitness services, child and elder referral, and the Partner Connection, which links employees with shared interests and hobbies. Their goal is to “provide a great work environment and treat each other with respect and dignity.” As a result of this philosophy, they have a low turnover in comparison to their competitors.

1. What viewpoint of management is practiced at Starbucks? Explain.

Starbucks uses the low bureaucratic management branch of the traditional (or classic) viewpoint. This is evidenced through its set structure, clear division of labor, and set procedures. The division of labor is seen in different job titles and responsibilities (farmer, manager, chief global strategist) with different levels of compensation up the hierarchical structure. There is a rational–legal authority

structure with more power and responsibility placed upon those further up the chain of command. Although it has a turnover of 60%, the work/life initiatives and higher wages paid to farmers suggest a commitment to long-term careers. The behavioral viewpoint is demonstrated through its employee motivation system (i.e., the work/life program) that encourages high quality, teamwork, and a sense of mission by considering the needs of employees.

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Reputation. Customers will walk past other coffee retailers to go to Starbucks.

3. What systems concepts are illustrated by Starbucks' employees when they fill a customer's order?

Starbucks' employees use standardized transformation processes to change inputs that include coffee beans, cups, milk, flavorings, and other raw materials into a variety of coffee and food product outputs when filling customers' orders. They are an open system that interacts continuously with their environment in order to maintain their market share

4. Why has Starbucks grown to become the largest server of coffee in the world?

As a great company to work for, Starbucks energizes its employees. Using teamwork and challenges, employees desire to reach goals and to create a great work environment. Having a caffeine source probably helps. They provide a unique product (that is quickly being copied) in an informal and relaxed atmosphere in easily accessible locations.