Other great ways to help you study include games, videos, cases, flashcards, podcasts, quizzes and more.

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During the Industrial Revolution (late eighteenth century into the nineteenth century), however, jobs and organisations changed dramatically. First, thanks to the availability of power (steam engines and later electricity), low-paid, unskilled labourers running machines began to replace high paid, skilled artisans who made entire products by themselves, by hand. This new mass-production system was based on a division of labour: each worker, interacting with machines, performed separate, highly specialised tasks that were but a small part of all the steps required to make manufactured goods. While workers focused on their singular tasks, managers were needed to effectively coordinate the different parts of the production system and optimise its overall performance. Productivity skyrocketed at companies that understood this. For example, at the Ford Motor Company, the time required to assemble a car dropped from 12.5 manhours to just 93 minutes.6

Second, jobs existed in large, formal organisations where hundreds, if not thousands, of people worked under one roof, instead of in fields, homes or small shops.7 In 1884, Australian industrialist H.V. McKay, who first started out working in a blacksmiths in Ballarat, established the Sunshine Harvester Works in what are now the western suburbs of Melbourne. Sunshine Harvester Works was at one time the largest manufacturer in Australia with over 3000 employees around 1906.8 By 1913, Henry Ford employed 12,000 employees in just his Highland Park, Michigan, factory in the US with individual factories employing so many workers under one roof, companies now had a strong need for disciplinary rules (to impose order and structure). For the first time, they needed managers who knew how to organise large groups, work with employees and make good decisions.

### The evolution of management

Before 1880, business educators taught only basic bookkeeping and secretarial skills, and no one published books or articles about management.11 Today, if you have a question about management, you can turn to dozens of academic journals, hundreds of business school and practitioner journals (such as Harvard Business Review, Sloan Management Review, Journal of Management and Organization and the Academy of Management Executive) and thousands of books and articles. In the next four sections, you will learn about other important contributors to the field of management and how their ideas shaped our current understanding of management theory and practice.

After reading the next four sections, which review the different schools of management thought, you should be able to:

2.2 explain the history of scientific management
2.3 discuss the history of bureaucratic and administrative management
2.4 explain the history of human relations management
2.5 discuss the history of operations, information, systems and contingency management.

### LEARNING OBJECTIVE 2

#### 2.2 Scientific management

Before scientific management, organisational decision making could best be described as ‘seat-of-the-pants’. Decisions were made haphazardly without any systematic study, thought or collection of information. If the ‘managers’ hired by the company founder or owner decided that workers should work twice as fast, little or no thought was given...
Cross-functional teams are intentionally composed of employees from different functional areas of the organisation.26 Because their members have different functional backgrounds, education and experience, cross-functional teams usually attack problems from multiple perspectives and generate more ideas and alternative solutions, all of which are especially important when trying to innovate or do creative problem solving.26 Cross-functional teams can be used almost anywhere in an organisation and are often used in conjunction with matrix and product organisational structures (see Chapter 9). They can also be used either with part-time or temporary team assignments or with full-time, long-term teams.

Cessna, which manufactures aeroplanes, created cross-functional teams for purchasing parts. With workers from purchasing, manufacturing engineering, quality engineering, product design engineering, reliability engineering, product support and finance, each team addressed make-versus-buy decisions (make it themselves or buy from others), sourcing (who to buy from), internal plant and quality improvements and the external training of suppliers to reduce costs and increase quality.27

Virtual teams are groups of geographically and/or organisationally dispersed co-workers who use a combination of telecommunications and information technologies to accomplish an organisational task.28 When it comes to virtual teams, Melbourne’s 99Designs is a standout example. As a design company working with a crowdsourcing approach, 99Designs has offices in Melbourne, Berlin and San Francisco. As they say on their web page ‘From our gallery-style offices in Melbourne to the piers of San Francisco, we’ve got the most talented and passionate staff …’ Growing from just three staff (the founders) to 70 in just under four years, 99Designs keeps the team together across three continents and many time zones through the use of technology.29

The principal advantage of virtual teams is their flexibility. Employees can work with each other regardless of physical location, time zone or organisational affiliation.31 Because the team members don’t meet in a physical location, virtual teams also find it much easier to include other key stakeholders, such as suppliers and customers. Plus, virtual teams have certain efficiency advantages over traditional team structures. Because the teammates do not meet face-to-face, a virtual team typically requires a smaller time commitment than a traditional team does.32 A drawback of virtual teams is that the team members must learn to express themselves in new contexts.33 The give-and-take that naturally occurs in face-to-face meetings is more difficult to achieve through videoconferencing or other methods of virtual teaming. Indeed, several studies have shown that physical proximity enhances information processing in teams. Therefore, some companies bring virtual team members together in offices or special trips on a regular basis to try to minimise these problems.

Project teams are created to complete specific, one-off projects or tasks within a limited time.35 Project teams are often used to develop new products, significantly improve existing products, roll out new information systems or build new factories or offices. The project team is typically led by a project manager who has the overall responsibility for planning, staffing and managing the team, which usually includes employees from different functional areas. Effective project teams demand both individual and collective responsibility.36 One advantage of project teams is that drawing employees from different functional areas can reduce or eliminate communication barriers. In turn, as long as team members feel free to express their ideas, thoughts and concerns, free-flowing communication encourages cooperation among separate departments and typically speeds up the design process.37 Another advantage of project teams is their flexibility. When projects are finished, project team members either move on to the next project or return to their functional units. For example, publication of this book required designers, editors, page compositors and web designers, among others. When the task was finished, these people applied their skills to other textbook projects. Because of this flexibility, project teams are often used with the matrix organisational designs discussed in Chapter 9.
Learning objectives (LO)

LO 1 Strategic importance of information
The first company to use new information technology to substantially lower costs or differentiate products or services often gains first-mover advantage, higher profits and larger market share. Creating a first-mover advantage can be difficult, expensive and risky, however. According to the resource-based view of information technology, sustainable competitive advantage occurs when information technology adds value, is different across firms and is difficult to create or acquire.

Using information technology to sustain a competitive advantage


LO 2 Characteristics and costs of useful information
Raw data are facts and figures which do not become information until they are in a form that can affect decisions and behaviour. For information to be useful, it has to be reliable and valid (accurate), of sufficient quantity (complete), pertinent to the problems you’re facing (relevant) and available when you need it (timely). Useful information does not come cheaply. The five costs of obtaining good information are the costs of acquiring, processing, storing, retrieving and communicating information.

LO 3 Capturing, processing and protecting information
Electronic data capture (bar codes, radio frequency identification [RFID] tags, scanners and optical character recognition) is much faster, easier and cheaper than manual data capture. Processing information means transforming raw data into meaningful information that can be applied to business decision making. Data mining helps managers with this transformation by discovering...