

ELEVENTH EDITION

MANAGEMENT



A GLOBAL PERSPECTIVE

For Sale in
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HEINZ WEHRICH

HAROLD KOONTZ

TATA MCGRAW-HILL
EDITION



MANAGEMENT

A Global Perspective

ELEVENTH EDITION

HEINZ WEHRICH

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To my wife, Ursula



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Preface

For many years, previous editions of this book have been bestsellers globally. The Latin American editions have been bestsellers in the Spanish-speaking world for more than a decade. This book has had an international orientation long before it became fashionable to do so. The 11th edition builds on that tradition, but it adds much new information pertinent to the 21st century. It aims to prepare men and women for an exciting, challenging, and rewarding managerial career.

As the title, *Management: A Global Perspective*, indicates, the book takes an international view of managing. Through our research, travels, and teaching in many countries, we have learned from students, managers, as well as professors and listened to their challenges. Consequently, these people have responded by using this book, which has been translated into 16 languages. The international perspective appeals because people realize that national barriers are crumbling and new alliances among companies and peoples are being formed. In this edition, as in previous ones, the authors draw from their business experiences and integrate theory with practice. Beyond the discussion of managerial issues in the Americas, attention is given to topics in the New Europe and especially in Asia, a region that is often neglected in management textbooks. Our aim is to prepare managers for the global challenges and to make our readers more effective and efficient as persons as well as managers.

Who Will Benefit from This Book?

All persons who work in organizations will benefit from learning about contemporary managing. They include students in colleges and universities—who will one day join organizations—aspiring managers, managers who want to become more effective, and other professionals who want to understand the organization in which they work. This book is for people in all kinds of organizations, not just business firms; it is relevant to nonbusiness organizations as well, such as governments, health-care providers, educational institutions, and other not-for-profit enterprises.

The managerial functions are essentially the same for first-line supervisors, middle managers, and top executives. To be sure, there are considerable variations in the environment, scope of authority, and types of problems in the various positions. Yet all managers undertake the same basic functions to obtain results by establishing an environment for effective and efficient performance of individuals working together in groups.

Organization of the Book

As in previous editions, managerial knowledge is classified according to the functions of planning, organizing, staffing, leading, and controlling. A systems model, shown on the inside cover and used throughout the book, integrates these functions into a system; it also links the enterprise with its environment. The suggested open systems view is even more important now than in the past, as the external environment has become more challenging through internationalization and the use of the Internet.

Part 1 covers the basis of global management theory and practice; it also introduces the systems model that serves as the framework of this book. To provide the perspective of the book, Part 1 includes chapters on management and its relations to the external environment, social responsibility, and ethics. Moreover, to emphasize the international orientation, it also includes a chapter on global, comparative, and quality management. Parts 2 through 6 discuss the managerial functions of planning, organizing, staffing, leading, and controlling. The relevant principles, or guides, for each function are summarized in Appendix A at the end of the book.

The Asian perspective of managing is emphasized in each of the part's closing section, which deals exclusively with important international issues. Specifically, the closings for parts 2 to 6 compare the managerial practices in Japan, China, and the United States. Moreover, all six part closings have an international focus section that gives special attention to important issues such as China as a new economic power, or the competitive advantage of Germany, or the importance of quality service in Europe, the United States, and Japan. The car industry illustrates the internationalization of businesses. To exemplify the global competitiveness of automobile companies, a global car industry case is presented in each part closing.

Revision Work in This Edition

While material that was well received over the years has been retained, much new information has been added. For example, this edition builds on the strong characteristics of previous editions, such as breadth, depth, the use of examples, and cases; at the same time, many modern ideas, techniques, and features have been added, especially those providing an Asian perspective of managing.

In revising this book, we have responded to two major influences. One is the valuable feedback from teachers, scholars, and students in the United States and abroad who have used past editions of this book at various levels of academic and practical management education in a wide variety of universities and enterprises. Another major influence to which we have responded is the great volume of research, new ideas, and advanced techniques, especially those being applied to management from the behavioral, social, and physical sciences as well as information technology. The emphasis is on managerial practice based on sound theory.

Although not all changes can be mentioned here, certain revision work should be pointed out. All chapters have been updated. Despite the addition of much new material, the number of chapters has been reduced to 20 in this edition.

The impact of information technology on managerial practices is examined briefly in Chapter 1 and in greater detail in Chapter 19. The concern for the ecological environment is shown in Chapter 2, illustrated by the disaster at the Bhopal plant in India and the "greening" of Toshiba. In the same chapter, recent company scandals and corporate governance are considered with illustrations from companies such as WorldCom and Enron. The global perspective has been taken throughout the book, but it is emphasized in Chapter 3, which deals with global and comparative management. Illustrations of managerial practices in France, Germany, South Korea, and other countries are given. Regional trade blocs are also described. Part 1 closing focuses on the emerging economy of China and the European car industry.

Part 2 (chapters 4 to 6) presents the various aspects of *planning*. Chapter 5, for example, contains a case on the strategies for the very successful Shanghai Volkswagen venture. The closing section highlights the issues involved in the Daimler-Chrysler merger.

The various issues of *organizing* are considered in Part 3 (chapters 7 to 10) focusing on topics such as the “boundaryless” organization as practiced by General Electric and the issues faced by the Acer computer company in Taiwan.

Staffing issues are examined in Part 4 (chapters 11 to 13) with the identification of the “best companies to work for” as well as the “most admired companies,” based on research by *Fortune* magazine. Chapter 13 shows the application of modern information technologies for e-training.

The managerial function of *leading* is discussed in Part 5 (chapters 14 to 17). The goal setting theory has been added, and the leadership of Zhang Ruimin, the chief executive of Haier, a successful Chinese company, is examined. Moreover, the leadership styles of Microsoft’s Bill Gates and Apple’s Steve Jobs are compared. The difficult decision by Carleton Fiorina of merging Hewlett-Packard and Compaq is highlighted in the case in Chapter 16.

Part 6 (chapters 18 to 20), dealing with the managerial function of *controlling*, now also covers bureaucratic and clan control. The updated discussion of information technology contains topics such as the Internet, groupware, information security, the emerging digital economy, m-commerce, and wireless communications. The last chapter now includes discussions of the merging of the production systems of Daimler and Chrysler as well as General Electric’s transformation from a product to a service orientation. Supply chain management and value chain management have been added. The part closing focuses on the future of global management.

Two appendixes have been added. The principles, or guides, for the managerial functions of planning, organizing, staffing, leading, and controlling are now gathered in Appendix A to allow students and managers to readily check whether organizational problems can be traced to the violation of managerial principles. Appendix B is even more specific, identifying specific areas critical for the success of managers and organizations. The Management Excellence Survey can be used for managerial and organizational development. The purpose of both appendixes is to facilitate the integration of theory with practice.

Learning Aids

To aid learning, each chapter is organized as follows. It begins with the *objectives* that are to be accomplished after reading the chapter. The text in the left margins gives an overview of the *key points* in the chapter. It also

aids in reviewing key concepts. Included in the margins as well are *Web sites* to refer readers to further information related to the organization or topic under discussion. The use of *perspective* inserts illustrates the concepts, principles, and theories presented. Each chapter concludes with a *summary* and a list of *key ideas and concepts for review*. To relate these ideas and concepts to the "real" world, *exercises and action steps* are suggested. Readers are encouraged to make use of the World Wide Web by conducting *Internet research*. A *case* with questions ends each chapter.

What makes this book different from many other management textbooks is the addition of the closing section in each of the six parts. Each of the closings contains an *international focus* discussion with a challenging topic as well as a *global car industry case*. In addition, parts 2 to 6, dealing with the managerial functions, provide in the closing sections a *country comparison* of the practice of those functions in Japan, the United States, and China. These closings, together with the discussion of international management issues throughout the book, give the book a truly global perspective of management theory and practice.

Acknowledgments

The late Dr. Harold Koontz is sorely missed. At a memorial session at an Academy of Management meeting, Professor Ronald Greenwood stated that Howdy Koontz was many years ahead of his time. Indeed, his inspiration and guidance popularized the classification of management knowledge according to managerial functions, a framework now used around the world. He will never be forgotten for his contributions to management, preserved in his numerous articles and his many books, which have been continuously updated.

Professor Koontz and I are indebted to so many persons contributing to the various editions that a complete acknowledgment would be encyclopedic. Many scholars, writers, and managers are acknowledged through references in the text. Many managers with whom we have served in business, government, educational, and other enterprises have contributed by word and example. Thousands of managers in all kinds of enterprises in various countries have honored us over the years by allowing us to test our ideas in executive training classes and lectures. Especially helpful were the many executives around the world who generously shared their international experiences. For example, the managers in executive programs in Switzerland, Kuwait, Malaysia, Thailand, China, and Hong Kong provided us with opportunities to learn about their cultures and

their managerial practices. Specifically, the students and executives at the China Europe International Business School (CEIBS) in Shanghai, Peking University in Beijing, and Chulalongkorn University in Bangkok provided valuable insights into managerial practices in their countries. Moreover, to those executives with whom we have been privileged to work as directors, consultants, or teachers, we are grateful for the opportunity to gain the clinical practice of managing.

Many colleagues, scholars, managers, and students have contributed their ideas and suggestions to this book. My good friend the late Professor Keith Davis of Arizona State University was particularly generous with his time. One of my mentors at the University of California, Los Angeles, Professor George S. Steiner, has done much to stimulate my interest in the development of the TOWS Matrix for strategic planning. Professors Peter F. Drucker, George S. Odiorne, and Gene Seyna, to whom my book *Management Excellence: Productivity through MBO* has been dedicated, have sharpened my thinking about goal-driven management systems and managerial productivity. In previous editions, special appreciation was expressed to those who contributed in many important ways. While they are not named here, their contributions have been important for this edition too.

We would like to thank the many adopters and contributors to the best-selling Spanish-language editions of *Management: A Global Perspective* and the many people at McGraw-Hill Interamericana who were involved in publishing previous editions. They have contributed greatly to make the book a bestseller in the Spanish-speaking world.

For this edition, we would like to express our appreciation to all the people at McGraw-Hill in Singapore, especially Jerene Tan, Tan Poh Hong, Wati Seladin, Pauline Chua, and Ang Lee Ming for her conscientious work in editing the manuscript.

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HEINZ WEHRICH