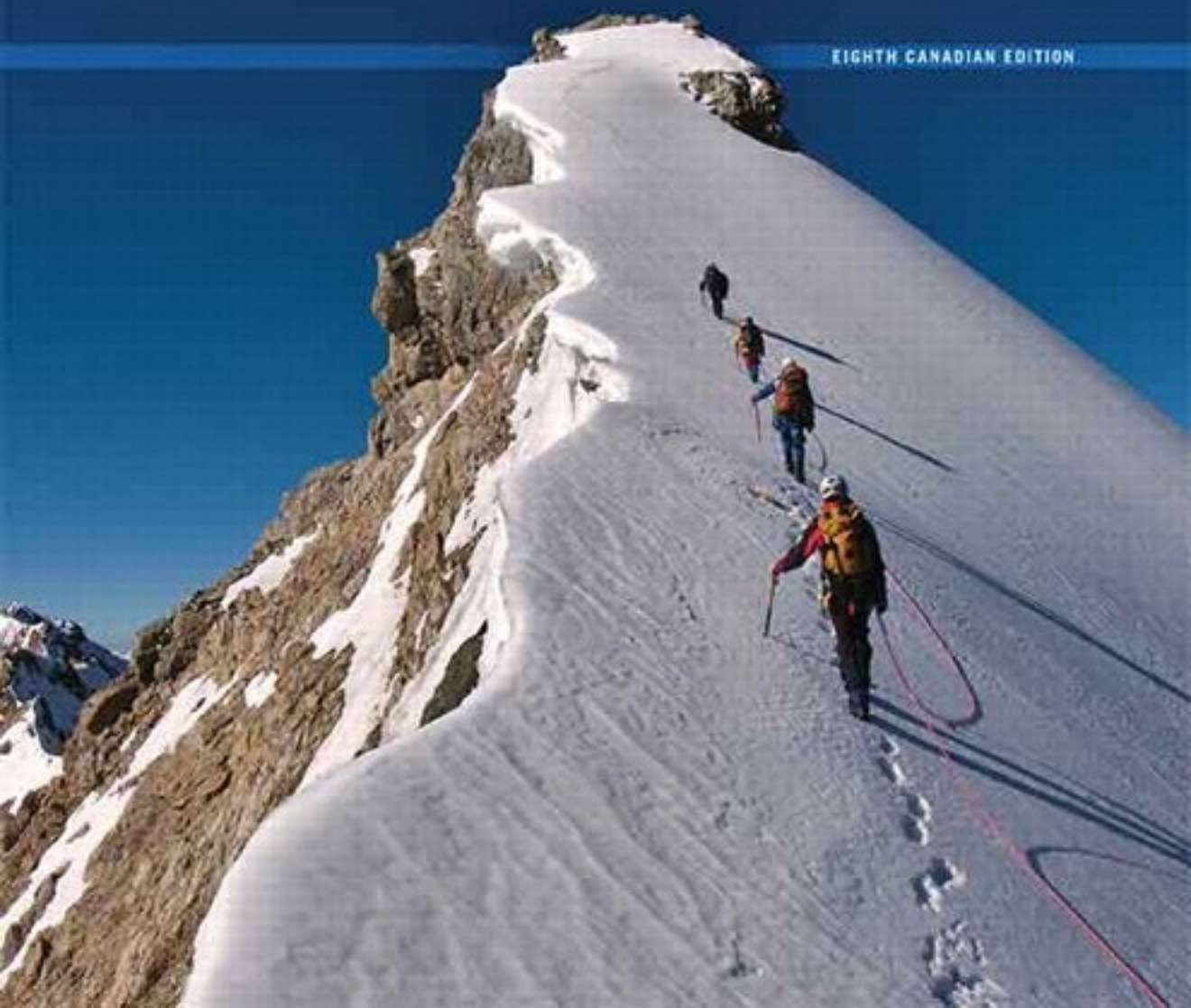


FUNDAMENTALS OF MANAGEMENT

Stephen P. Robbins | David A. DeCenzo | Mary Coulter | Ian Anderson

EIGHTH CANADIAN EDITION



FUNDAMENTALS OF MANAGEMENT

Eighth Canadian Edition

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Preface

Welcome to the eighth Canadian edition of *Fundamentals of Management*, by Stephen P. Robbins, David A. DeCenzo, Mary Coulter, and Ian Anderson. This edition continues the fresh approach to management coverage of the previous editions through the following:

- current and relevant examples
- updated theory
- a new pedagogically sound design

The philosophy behind this revision was to put additional emphasis on the idea that *management is for everyone*. Students who are not managers, or who do not envision themselves as managers, may not always see why studying management is important. We use examples from a variety of settings to help students understand the relevance of studying management to their day-to-day lives.

CHAPTER PEDAGOGICAL FEATURES

We have enhanced the eighth Canadian edition with a rich variety of pedagogical features, including the following:

- Learning outcomes to guide student learning begin each chapter. These questions are repeated at the start of each major chapter section to reinforce the learning outcome.
- An opening case starts the body of the chapter and is threaded throughout to help students apply a story to the concepts they are learning.
- The use of infographics in each chapter presents information graphically to help visual learners with the related concepts. In addition, an increase in photographs enhances business concepts throughout the text.
- *Think About It* questions follow the opening case to give students a chance to put themselves in the shoes of managers in various situations.
- *And the Survey Says . . .* provides relevant Canadian and global data to help students understand business metrics and the Canadian significance of various management topics.
- *Tips for Managers* provide “take-aways” from the chapter—things that managers and would-be managers can start to put into action right now, based on what they have learned in the chapter.

END-OF-CHAPTER APPLICATIONS

The entire end-of-chapter section, *Review and Apply*, provides a wealth of exercises and applications.

- The *Summary of Learning Outcomes* provides responses to the outcome-based questions identified at the beginning of each chapter.
- *Discussion Questions* allow students to review their understanding of the chapter content.
- *Developing Management Skills* lets students apply material to their daily lives as well as to real business situations related to the chapter material, helping them see that planning, leading, organizing, and controlling are useful in one’s day-to-day life, too. This feature includes several exercises, such as the ones described below.
- *Dilemma* presents an everyday scenario for students to resolve using management tools.

- *Becoming a Manager* provides suggestions for students on activities and actions they can do right now to help them prepare to become a manager.
- *3BL: The Triple Bottom Line* helps students apply sustainability to business situations.
- *Be the Consultant* emphasizes the importance of interpersonal and organizational skills.
- *Team Exercises* give students a chance to work together in groups to solve a management challenge.
- Two new exercises were added to the eighth Canadian edition: *Hey, You're the Boss Now* and *Diversity Matters*. These exercises increase the diversity component of the text and give students a hands-on perspective of being a supervisor or manager.
- *Your Essential Management Reading List* is new to the eighth edition to give students a glimpse of some of the top management books.
- The *Business Cases* are decision-focused scenarios that ask students to determine what they would do if they were in the situation described.

NEW TO THE EIGHTH CANADIAN EDITION

In addition to the new pedagogical features highlighted above, we have introduced or revised other learning aids and made significant changes to content.

Case Program

This edition offers a variety of cases that can be used in or out of the classroom.

- End of Chapter Cases: At the end of each chapter we offer brief, chapter-specific cases in the *Developing Management Skills* and *Business Cases* sections. These cases include a variety of open-ended questions for classroom discussion or small-group assignment.
- Management Mini-Cases (MyManagementLab): Hosted within MyManagementLab and tied to each chapter are a set of 12 Management Mini-Cases with associated multiple-choice questions. These mini-cases are perfect for assignments, as the students' results feed directly into the MyManagementLab Gradebook.

CHAPTER-BY-CHAPTER HIGHLIGHTS

Below, we highlight the new material that has been added to this edition.

Chapter 1

- New opening case on Calgary mayor Naheed Nenshi
- Expanded section on entrepreneurship

- *And the Survey Says . . .* on female board members in Canada
- New end-of-chapter (EOC) material (*Hey, You're the Boss Now* on mentoring of millennials, *Diversity Matters* on types of diversity, and a new Self-Assessment called *What Skills Do Effective Managers Possess?*)

Chapter 2

- Updated opening case on TransCanada and the Keystone Pipeline Project
- New case on Joe Fresh
- *And the Survey Says . . .* on Canada's trading partners
- Expanded section on Hofstede, including a new exhibit comparing Canada with China and the United States
- New material on the Canadian–EU free trade deal, a new exhibit on styles of three generations, and *Tips for Managers* on how to avoid getting burned by a foreign distributor.
- New EOC material (*Hey, You're the Boss Now* on supervising a diverse workforce, *Diversity Matters* on becoming more culturally aware, and *Your Essential Management Reading List*.)

Chapter 3

- New opening case on Stantec
- *And the Survey Says . . .* on planning
- Four new exhibits on reasons for planning, comparing traditional goal setting with MBO, types of plans, and examples of functional strategies
- New EOC material (*Hey, You're the Boss Now* on setting goals, *Diversity Matters* on diversity and inclusion as a strategic initiative, *Your Essential Management Reading List*, and an updated *Business Case* on the Canadian wine industry)

Supplement 3:

- Brand-new supplement on communication and social media

Chapter 4

- Two new cases on Blue Jays baseball and Coca-Cola and the science of OJ
- *And the Survey Says . . .* on the use of teams
- New EOC material (*Hey, You're the Boss Now* on tips for managing an older employee, *Diversity Matters* on the value of diversity in decision making, *Your Essential Management Reading List*.)

Chapter 5

- New opening case on Sobeys
- New case on Pfizer
- *And the Survey Says . . .* on teleworking
- New material on designing office space, including a new exhibit comparing major office styles

- New EOC material (*Hey, You're the Boss Now* on delegation, *Diversity Matters* on diversity awareness, *Your Essential Management Reading List*, and an updated business case on Levitt)

Chapter 6

- New chapter on operations management
- Two new cases on Apple and the supply chain and the Boeing Dreamliner
- New material on operations management, service versus manufacturing, improving productivity, the role of operations in strategy, supply chain management, value chain management, quality control, project management, and contemporary issues in operations management
- *And the Survey Says . . .* on manufacturing and operations
- Ten new exhibits on the operations system, goods versus services, Deming chain reaction, successful value chain management, Gantt chart, PERT charts, and a PERT network diagram
- New EOC material (*Hey, You're the Boss Now* on being a good project manager, *Diversity Matters* on female representation in the executive ranks, *Be the Consultant*, *3BL*, *Your Essential Management Reading List*.)

Chapter 7

- New case on love in the workplace
- *And the Survey Says . . .* on sick leave
- New exhibit on the human resource management process, a new table on changes in the labour market, and a new example of a job description for a customer service representative
- Updated exhibits on source of hires by recruitment methods and corporate wellness initiatives
- New information on total rewards
- New EOC material (*Hey, You're the Boss Now* on being an effective interviewer, *Diversity Matters* on the use of immigrant workers, *Your Essential Management Reading List*, and *Tips to be a Successful Volunteer*)

Chapter 8

- New opening case on Sheryl Sandberg of Facebook
- Two new cases on leadership legacy and results only work environments (ROWE)
- *And the Survey Says . . .* on critical leadership capabilities required in Canadian health care
- New mini-supplement *Portraits in Leadership*—profiles of two of Canada's future leaders
- New material on virtual leadership
- New EOC material (*Hey, You're the Boss Now* on tips for a first-time manager, *Diversity Matters* on RBC's Five Core Values, *Your Essential Management Reading List*.)

Chapter 9

- Updated opening case on Yellow House
- Two new cases on DevFacto Technologies and Ubisoft Entertainment SA, and a profile of corporate executive and former NHL player Nevin Markwart
- *And the Survey Says . . .* on investing in corporate social responsibility
- New material on goal-setting theory, open book management, and employee engagement
- New EOC material (*Hey, You're the Boss Now* on motivating employees, *Diversity Matters* on Maslow's equity theory, and *Your Essential Management Reading List*)

Chapter 10

- New opening case on the Virgin Group
- Two new cases on Whole Foods Canada and Toyota Canada
- *And the Survey Says . . .* on teams and motivation
- New exhibits on Belbin's team roles and deciding when to use teams
- Updated exhibit on team development
- New EOC material (*Hey, You're the Boss Now* on team considerations, *Diversity Matters* on managing diverse teams, *Your Essential Reading List*.)

Chapter 11

- Updated opening case on the Canadian Curling Association
- *And the Survey Says . . .* on Canadian debt
- New exhibit on the balanced scorecard
- Material on organizational culture moved to Chapter 12
- Updated exhibit on the service profit chain
- New EOC material (*Hey, You're the Boss Now* on giving feedback, *Diversity Matters* on cultural impact on feedback, *Be the Consultant* on financing a new business venture, *Your Essential Management Reading List*.)

Chapter 12

- New opening case on Men In Kilts
- New material on innovation and creativity, organizational culture's impact on innovation and change
- New *Tips for Managers* on creating a more innovative work environment
- New exhibits on innovation variables and four steps in organizational change
- Updated exhibits on mistakes managers make when leading change and helping employees accept change
- Material on organizational culture (moved from Chapter 11)
- New EOC material (*Hey, You're the Boss Now* on innovation creation, *Diversity Matters* on inherent and acquired diversity, *Your Essential Reading List*.)

SUPPLEMENTS

We have created an outstanding supplements package for instructors, conveniently available online through MyManagementLab in the special instructor area and downloadable from our product catalogue at www.pearsoncanada.ca.

Instructor’s Resource Manual. This resource includes lecture outlines and chapter overviews, suggested answers to the textbook end-of-chapter exercises, and additional activities.

Computerized Test Bank. Pearson’s computerized test banks allow instructors to filter and select questions to create quizzes, tests or homework. Instructors can revise questions or add their own, and may be able to choose print or online options. These questions are also available in Microsoft Word format.

Test Item File. This comprehensive test bank contains more than 1000 multiple choice, true/false, and short essay questions.

PowerPoint® Presentations. PowerPoint slides are available with this edition, with a minimum of 25 slides per chapter.

Image Library. All the figures in the text are provided in electronic format, for use in PowerPoint slides, handouts, or other presentations.

Pearson eText. The Pearson eText gives students access to their textbook anytime, anywhere. In addition to note taking, highlighting, and bookmarking, the Pearson eText offers interactive and sharing features. Rich media options may include videos, animations, interactive figures, and built-in assessments, all embedded in the text. Instructors can share their comments or highlights, and students can add their own, creating a tight community of learners within the class.

The Pearson eText may include a responsive design for easy viewing on smartphones and tablets. Many of our eTexts now have configurable reading settings, including resizable type and night reading mode.

Learning Solutions Managers. Pearson’s Learning Solutions Managers work with faculty and campus course designers to ensure that Pearson technology products, assessment tools, and online course materials are tailored to meet your specific needs. This highly qualified team is dedicated to helping schools take full advantage of a wide range of educational resources, by assisting in the integration of a variety of instructional materials and media formats. Your local Pearson Canada sales representative can provide you with more details on this service program.

MyManagementLab

MyManagementLab delivers proven results in helping individual students succeed. It provides engaging experiences that personalize, stimulate, and measure learning for each student. For the eighth Canadian edition, MyManagementLab includes powerful new learning resources, including a new set of online lesson presentations to help students work through and master key management topics, a completely restructured study plan for student self-study, and a wealth of engaging assessment and teaching aids to help students and instructors

explore unique learning pathways. MyManagementLab online resources include:

- **NEW Learning Catalytics.** Learning Catalytics is a “bring your own device” student engagement, assessment, and classroom intelligence system. It allows instructors to engage students in class with a variety of questions types designed to gauge student understanding.
- **NEW Personal Inventory Assessment (PIA).** Students learn better when they can connect what they are learning to their personal experience. PIA is a collection of online exercises designed to promote self-reflection and engagement in students, enhancing their ability to connect with concepts taught in principles of management, organizational behaviour, and human resource management classes. Assessments can be assigned by instructors, who can then track students’ completions. Student results include a written explanation along with a graphic display that shows how their results compare to the class as a whole. Instructors will also have access to this graphic representation of results to promote classroom discussion.
- **NEW Interactive Lesson Presentations.** Students can now study key chapter topics and work through interactive assessments to test their knowledge and mastery of management concepts. Each presentation allows students to explore through expertly designed steps of reading, practising, and testing to ensure that students not only experience the content, but truly engage with each topic. Instructors also have the ability to assign quizzes, projects, and follow-up discussion questions relating to the online lessons to further develop the valuable learning experiences from the presentations.
- **NEW Study Plan.** MyManagementLab offers students an engaging and focused self-study experience that is driven by a powerful new study plan. Students work through assessments in each chapter to gauge their understanding and target the topics that require additional practice. Along the way, they are recognized for their mastery of each topic and guided toward resources in areas that they might be struggling to understand.
- **NEW Dynamic Study Modules.** These new study modules allow students to work through groups of questions and check their understanding of foundational management topics. As students work through questions, the dynamic study modules assess their knowledge and only show questions that still require practice. Dynamic study modules can be completed online using your computer, tablet, or mobile device.
- **Management Simulations.** Management simulations are real-world scenarios that invite students to apply the concepts they have just learned. Management simulations walk students through key management decision-making scenarios to help them understand how management decisions are made. Students are asked to make important decisions relating to core management concepts. At each

point, students receive feedback to help them understand the implications of their choices in the management environment. Both types of simulations can now be assigned by instructors and graded directly through MyManagementLab.

- **NEW Business Today Video Database.** Business Today is a dynamic and expanding database of videos that covers the disciplines of business, marketing, management, and more. In addition to the videos that have been specifically correlated to this text, you will find new videos posted regularly. Check back regularly to see up-to-date video examples that are perfect for classroom use.

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A number of people have worked hard to update and enliven this eighth Canadian edition of *Fundamentals of Management*. Patti Sayle was developmental editor on this project. Her understanding, patience, helpfulness, support, and organizational skills made working on this textbook enjoyable and enriching. She also played a key role in handling many aspects of the editorial work needed during the production process. Carolin Sweig, acquisitions editor, was very supportive of finding new directions for the textbook. Karen Townsend, program manager, continues to be easy to work with on various projects and is always in the author's corner.

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I dedicate this book to Tracy, who is my loving support and inspiration; and my two sons, Shaun and Isaac.

Ian Anderson

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Dr. Robbins is the world's best-selling textbook author in the areas of management and organizational behaviour. His books have sold more than 5 million copies and have been translated into 20 languages. His books are currently used at more than 1500 U.S. colleges and universities, as well as hundreds of schools throughout Canada, Latin America, Australia, New Zealand, Asia, and Europe.

Dr. Robbins also participates in masters track competition. Since turning 50 in 1993, he's won 23 national championships and 14 world titles. He was inducted into the U.S. Masters Track & Field Hall of Fame in 2005 and is currently the world record holder at 100m and 200m for men 65 and over.



DAVID A. DECENZO (Ph.D., West Virginia University) is president of Coastal Carolina University in Conway, South Carolina. In his capacity as president, Dr. DeCenzo is responsible for the overall vision and leadership of the university. He has been at Coastal since 2002, when he took over leadership of the E. Craig Wall Sr. College of Business. Since then, the college established an economics major and developed an MBA program. During that period, student enrollment and faculty positions nearly doubled. The college also established significant internship opportunities locally, nationally, and internationally in major *Fortune* 100 companies. As provost, Dr. DeCenzo worked with faculty leadership to pass a revised general education core curriculum as well as institute a minimum salary level for the university's faculty members. Before joining the Coastal faculty in 2002, he served as director of partnership development in the College of Business and Economics at Towson University in Maryland. He is an experienced industry consultant, corporate trainer, and public speaker. Dr. DeCenzo is the author of numerous textbooks that are used widely at colleges and universities throughout the United States and the world.

Dr. DeCenzo and his wife, Terri, have four children and reside in Pawleys Island, South Carolina.



MARY COULTER (Ph.D., University of Arkansas) held different jobs, including high school teacher, legal assistant, and city government program planner, before completing her graduate work. She has taught at Drury University, the University of Arkansas, Trinity University, and Missouri State University. She is currently professor emeritus of management at Missouri State University. Dr. Coulter's research interests were focused on competitive strategies for not-for-profit arts organizations and the use of new media in the educational process. Her research on these and other topics has appeared in such journals as *International Journal of Business Disciplines*, *Journal of Business Strategies*, *Journal of Business Research*, *Journal of Nonprofit and Public Sector Marketing*, and *Case Research Journal*. In addition to *Fundamentals of Management*, Dr. Coulter has published other books with Prentice Hall including *Management* (with Stephen P. Robbins), *Strategic Management in Action*, and *Entrepreneurship in Action*.

When she's not busy writing, Dr. Coulter enjoys puttering around in her flower gardens, trying new recipes, reading all different types of books, and enjoying many different activities with Ron, Sarah and James, Katie and Matt, and especially with her new grandkids, Brooklynn and Blake, who are the delights of her life!



IAN ANDERSON received his Master's of Business Administration in Innovation Leadership from the University of Fredericton. Before commencing his college teaching career, he was the director of human resources for a large Ottawa-based IT company. Ian is also a human resources and management consultant with Association Management, Consulting & Educational Services (AMCES), is a certified Change Management Professional, and has been actively consulting for more than 25 years. At Algonquin College, Ian is a professor in management, leadership, and human resources, and coaches students in business case and college marketing competitions.

In his spare time, Ian enjoys coaching Special Olympics soccer and basketball and volunteering with his favourite charity, the Capital City Condors. He has coached competitive and recreational hockey and soccer for more than 20 years. As a Sommelier, he works regularly with Groovy Grapes to provide tutored tastings and wine and scotch education. You can find Ian's wine reviews via his twitter handle @ #GroovyWineGuy. Ian's parents, Bob and Katharine, are from the Niagara area. Ian recently authored a chapter on knowledge management for CSAE's publication *Canadian Association Management*.

CHAPTER

1

Introduction to Management and Organizations

Jeff Mehtashy/Canadian Press Images



Naheed Nenshi was born in Toronto and completed a master's degree at Harvard in public policy. He worked for the renowned international consulting firm McKinsey, which has been referred to as “special forces training for business leadership.”¹ In 2010, at 38 years of age, Nenshi became Calgary's thirty-sixth mayor and the first Muslim mayor of a major North American city.

After leaving McKinsey, Nenshi started a business called Ascend Group to assist public, private, and nonprofit organizations grow their businesses. He developed strategies for the Canadian marketplace for companies like Gap, Banana Republic, and Old Navy. He was Canada's first tenured professor in the field of nonprofit management, at Mount Royal University's Bissett School of Business.

His work as an entrepreneur taught Nenshi the most about business, but designing policy for the Alberta provincial government attracted him to politics. His main focus is to make cities like Calgary run more smoothly. He is the author of *Building Up: Making Canada's Cities Magnets for Talent and Engines of Development*, and his initiatives in Calgary include an ambitious multidecade transit plan.²

Naheed Nenshi is a good example of a successful manager today and exemplifies the skills managers must have to deal with the problems and challenges of managing in the twenty-first century. This text is about the important managerial work that Mayor Nenshi and the millions of other managers like him do. It recognizes the reality faced by today's managers: New technologies and new ways of organizing work are altering old approaches. Today's successful managers must be able to blend tried-and-true management styles with new ideas.

In this chapter, we introduce you to managers and management by looking at who managers are, what management is, what managers do, and what an organization is. We will wrap up the chapter by discussing the challenges managers face and why it is important to study management.

LEARNING OUTCOMES

- | | | |
|---------------------|--|----|
| 1.1 Explain | Does studying management make a difference? | 2 |
| 1.2 Tell | What makes someone a manager? | 3 |
| 1.3 Define | What is management, and what do managers do? | 4 |
| 1.4 Describe | What characteristics define an organization? | 7 |
| 1.5 Describe | What are the factors that make for successful entrepreneurs? | 10 |

Think About It

What kinds of skills do managers need?

1.1 Explain Does studying management make a difference?

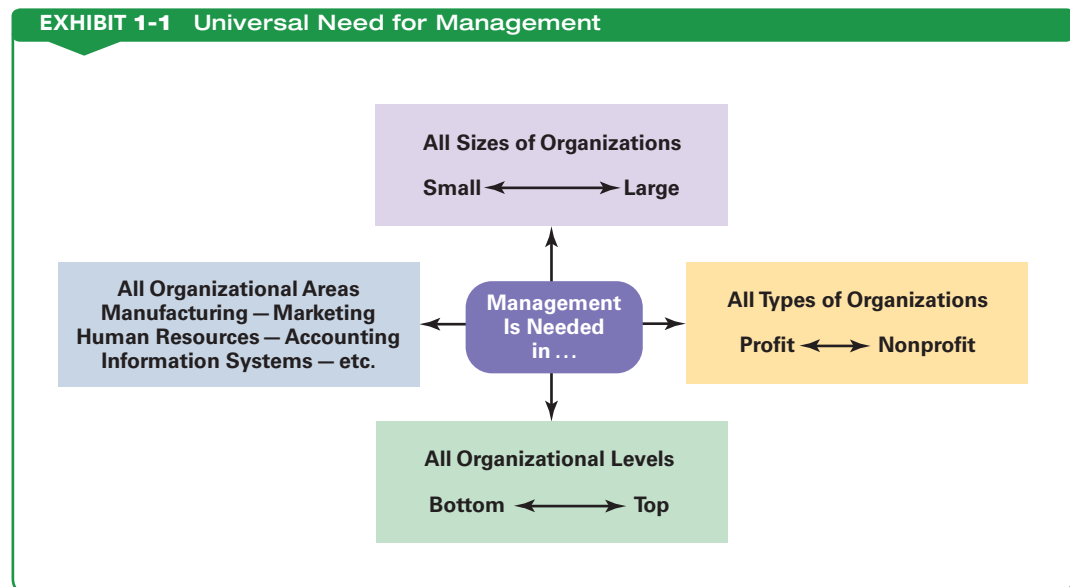
WHY STUDY MANAGEMENT?

You may be wondering why you need to study management. If you are an accounting major, marketing major, or any major other than management, you may not understand how studying management will help you in your career. We can explain the value of studying management by looking at the universality of management, the reality of work, and how management applies to anyone wanting to be self-employed.

The Universality of Management

Just how universal is the need for management in organizations? We can say with absolute certainty that management is needed in all types and sizes of organizations, at all organizational levels, in all organizational work areas, and in all organizations, no matter what countries they are located in. This reality is known as the **universality of management** (see Exhibit 1-1). Managers in all these settings will plan, organize, lead, and control. However, management is not done the same way in all settings. The differences between what a supervisor in a software applications–testing facility at Microsoft does and what the CEO of Microsoft does are a matter of degree and emphasis, not of function. Because both are managers, they will plan, organize, lead, and control, but how they do so will differ.

Since management is universally needed in all organizations, we have a vested interest in improving the way organizations are managed. Why? We interact with organizations every single day of our lives. Are you irritated when none of the salespeople in a department store seems interested in helping you? Do you get annoyed when you call your computer's technical help desk because your laptop's video player is no longer working, go through seven voice menus, and then get put on hold for 15 minutes? These situations are examples of problems created by poor management. Organizations that are well managed—and we will share many examples of these—develop a loyal customer base, grow, and prosper. Those that are poorly managed find themselves with a declining customer base and reduced revenues. By studying management, you will be able to recognize



universality of management

The reality that management is needed in all types and sizes of organizations, at all organizational levels, in all organizational work areas, and in organizations in all countries around the globe.

poor management and work to get it corrected. In addition, you will be able to recognize good management and encourage it, whether it is in an organization with which you are simply interacting or an organization in which you are employed.

The Reality of Work

Most of you, once you graduate and begin your careers, will either manage or be managed. This reality is another reason why you should study management. For those who plan on management careers, an understanding of the management process forms the foundation on which to build management skills. For those of you who do not see yourselves in management positions, this same understanding will help you work more effectively with your future managers. Also, assuming that you will have to work for a living and recognizing that you are very likely to work in an organization, you will probably have some managerial responsibilities, even if you are not managers. Our experience tells us that you can gain a great deal of insight into the way your manager behaves and the internal workings of organizations by studying management. You do not have to aspire to be a manager to gain something valuable from a course in management.

WHO ARE MANAGERS?

As mayor of Calgary, Naheed Nenshi is responsible for more than 13 000 city employees. His focus is on becoming a more effective and disciplined organization. To that end, he has instituted zero-based budget reviews of every business unit at the City. Many initiatives have been citizen-focused, such as a collaborative budgeting process with more than 20 000 Calgarians providing input, or creating video archives of City Council meetings for public review.

Managers may not be who or what you might expect. They could be under age 18 or even over age 80. They run large corporations as well as entrepreneurial startups. They are found in government departments, hospitals, small businesses, nonprofit agencies, museums, schools, and even nontraditional organizations such as political campaign offices and consumer cooperatives. They can be found doing managerial work in every country around the globe and operate at many levels, from top-level managers to first-line managers.

No matter where managers are found or what gender they are, managers have exciting and challenging jobs. And organizations need managers more than ever in these uncertain, complex, and chaotic times. *Managers do matter!* How do we know that? The Gallup Organization, which has polled millions of employees and tens of thousands of managers, has found that the single most important variable in employee productivity and loyalty is neither pay nor benefits nor workplace environment—it is the quality of the relationship between employees and their direct supervisors.³ A KPMG/Ipsos-Reid study found that many Canadian companies with high scores for effective human resource practices also scored high on financial performance and best long-term investment value.⁴ In addition, global consulting firm Watson Wyatt Worldwide found that the way a company manages its people can significantly affect its financial performance.⁵ We can conclude from such reports that managers *do matter!*

Defining who managers are used to be fairly simple: Managers were the organizational members who told others what to do and how to do it. It was easy to differentiate *managers* from *nonmanagerial employees*. But life is not quite as simple anymore. In many organizations, the changing nature of work has blurred the distinction between managers and nonmanagerial employees. Many nonmanagerial jobs now include managerial activities.⁶ For example, at General Cable Corporation's facility in Moose Jaw, Saskatchewan, managerial responsibilities are shared by managers and team members. Most of the employees at Moose Jaw are cross-trained and multiskilled. Within a single shift, an employee may be a team leader, an equipment operator, a maintenance technician, a quality inspector, and an improvement planner.⁷

1.2 Tell What makes someone a manager?

Think About It

What makes the Calgary mayor a manager?



Nomad_SouffFotolia

Ted Hall started Spearhead Timberworks by building a barn for a family friend. Now a multimillion-dollar operation located in Nelson, British Columbia, Hall abandoned conventional tools and embraced digital design and manufacturing. As a manager of 60 employees, Hall must be on top of just-in-time delivery and compressed construction schedules. He has to wear many hats: master carpenter, technology innovator, quality control master, mentor, trainer, and listener. With each role come unique challenges.

How do we define who managers are? A **manager** is someone who works with and through other people by coordinating their work activities in order to accomplish organizational goals. A manager's job is not about *personal* achievement—it is about helping *others* do their work and achieve results.

Types of Managers

Is there some way to classify managers in organizations? In traditionally structured organizations, identifying exactly who the managers are is not difficult, although they may have a variety of titles. **Lower-level managers** are at the lowest level of management and manage the work of nonmanagerial employees who are directly or indirectly involved with the production or creation of the organization's products. They are often called *supervisors*, but may also be called *shift managers*, *district managers*, *department managers*, or *office managers*. **Middle-level managers** include all levels of management between the first-line level and the top level of the organization. These managers manage the work of first-line managers, implement the strategic goals set by top management, and may have titles such as *regional manager*, *project leader*, *plant manager*, or *division manager*. At or near the

top of the organization are the **top-level managers**, who are responsible for making organization-wide decisions and establishing the plans and goals that affect the entire organization. These individuals typically have titles such as *executive vice-president*, *president*, *managing director*, *chief operating officer*, *chief executive officer*, or *chair of the board*. In the chapter-opening case, Naheed Nenshi is the popular and successful mayor of Canada's third-largest city. He is involved in creating and implementing broad and comprehensive changes that affect the entire city of Calgary and the province of Alberta.

Not all organizations get work done using a traditional pyramidal form, with the three levels of managers on the top of the pyramid. Some organizations, for example, are more flexible and loosely structured, with work being done by ever-changing teams of employees who move from one project to another as work demands arise. Although it is not as easy to tell who the managers are in these organizations, we do know that someone must fulfill that role—there must be someone who works with and through other people by coordinating their work to accomplish organizational goals.

1.3 Define What is management, and what do managers do?



PERSONAL INVENTORY ASSESSMENT

WHAT IS MANAGEMENT, AND WHAT DO MANAGERS DO?

Managers plan, lead, organize, and control, and Naheed Nenshi certainly carries out all of these tasks. He has to coordinate the work activities of over 13 000 city employees efficiently and effectively. Working collaboratively with City Council, he has to make sure that work is carried out consistently to protect his brand. He also has to support his managers. Nenshi likes to joke among his managerial team that the mayor is always right—but only as far as the door of his office. He will defend the decisions of his team even if he didn't agree with them.⁸

manager

Someone who works with and through other people by coordinating their work activities in order to accomplish organizational goals.

lower-level managers

Managers at the lowest level of the organization who manage the work of nonmanagerial employees directly or indirectly involved with the production or creation of the organization's products.

middle-level managers

Managers between the first-line level and the top level of the organization who manage the work of first-line managers.

top-level managers

Managers at or near the top level of the organization who are responsible for making organization-wide decisions and establishing the plans and goals that affect the entire organization.

Simply speaking, **management** is what managers do. But that simple statement does not tell us much, does it? Here is a more thorough explanation: Management is coordinating work activities so that they are completed *efficiently* and *effectively* with and through other people. Management researchers have developed three specific categories to describe what managers do: functions, roles, and skills. In this section, we'll consider the challenges of balancing efficiency and effectiveness, and then examine the approaches that look at what managers do. In reviewing these categories, it might be helpful to understand that management is something that is a learned talent, rather than something that comes "naturally." Many people do not know how to be a manager when they first are appointed to that role. See Supplement 1 for the history of management's roots to understand how management theory has developed over time.

Think About It

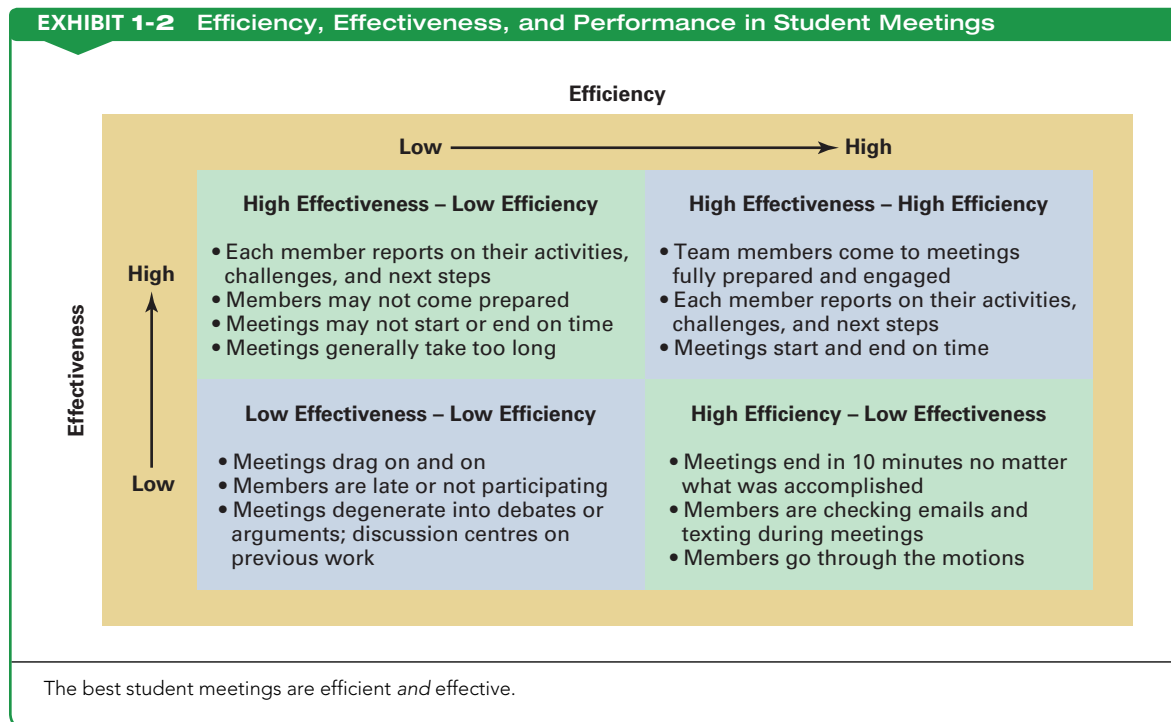
Naheed Nenshi must balance the needs of efficiency and effectiveness in his role as mayor. What challenges does he face in planning, leading, organizing, and controlling City Hall while running a city of more than 1 million people?

Efficiency and Effectiveness

Efficiency refers to getting the most output from the least amount of inputs or, as management expert Peter Drucker explained, "doing things right."⁹ Because managers deal with scarce inputs—including resources such as people, money, and equipment—they are concerned with the efficient use of those resources by getting things done at the least cost.

Just being efficient is not enough, however. Management is also responsible for being effective—completing activities so that organizational goals are achieved. **Effectiveness** is often described as "doing the right things"—that is, those work activities that will help the organization reach its goals. Hospitals might try to be efficient by reducing the number of days that patients stay in hospital. However, they may not be effective if patients get sick at home shortly after being released.

While efficiency is about ways to get things done, effectiveness deals with the ends, or attaining organizational goals (see Exhibit 1-2). Management is concerned, then, not only



management

Coordinating work activities so that they are completed efficiently and effectively with and through other people.

efficiency

Getting the most output from the least amount of inputs.

effectiveness

Completing activities so that organizational goals are achieved.

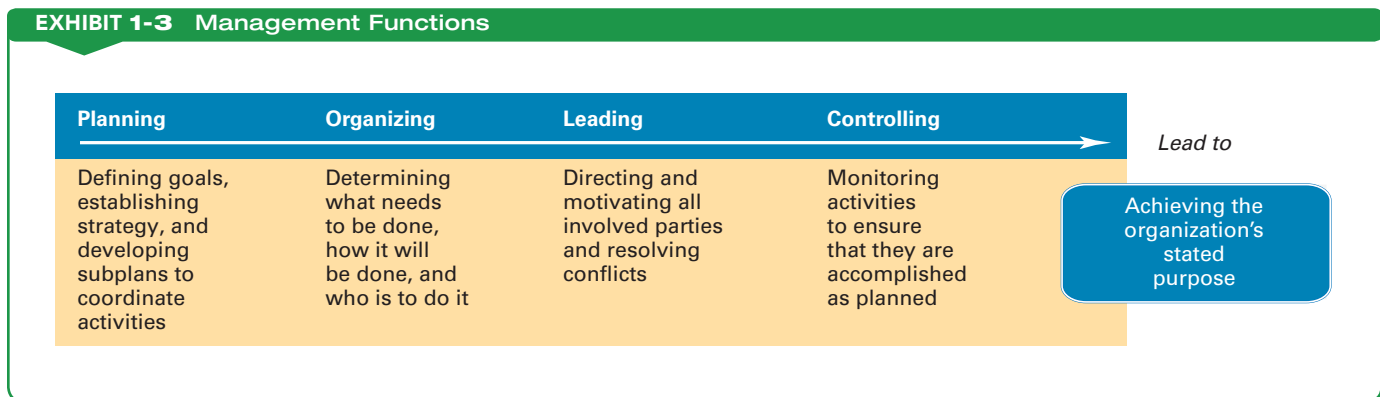
with completing activities to meet organizational goals (effectiveness), but also with doing so as efficiently as possible. In successful organizations, high efficiency and high effectiveness typically go hand in hand. Poor management is most often due to both inefficiency and ineffectiveness or to effectiveness achieved through inefficiency.

Management Functions

According to the functions approach, managers perform certain activities or duties as they efficiently and effectively coordinate the work of others. What are these activities or functions? In the early part of the twentieth century, French industrialist Henri Fayol first proposed that all managers perform five functions: planning, organizing, commanding, coordinating, and controlling.¹⁰ Today, most management textbooks (including this one) are organized around four **management functions**: planning, organizing, leading, and controlling (see Exhibit 1-3). But you do not have to be a manager to have a need to plan, organize, lead, and control, so understanding these processes is important for everyone. Let us briefly define what each of these functions encompasses.

PLANNING If you have no particular destination in mind, then you can take any road. However, if you have someplace in particular you want to go, you have to plan the best way to get there. Because organizations exist to achieve some particular purpose, someone must clearly define that purpose and the means for its achievement. Managers performing the **planning** function define goals, establish an overall strategy for achieving those goals, and develop plans to integrate and coordinate activities. This work can be done by the CEO and senior management team for the overall organization. Middle managers often have a planning role within their units. Planning, by the way, is not just for managers. As a student, for example, you need to plan for exams and for your financial needs.

ORGANIZING Managers are also responsible for arranging work to accomplish the organization's goals. We call this function **organizing**. When managers organize, they determine what tasks are to be done, who is to do them, how the tasks are to be grouped, who reports to whom (i.e., they define authority relationships), and where decisions are to be made. When you work in a student group, you engage in some of these same organizing activities—deciding on a division of labour and what tasks will be carried out to get an assignment completed.



management functions
Planning, organizing, leading, and controlling.

planning
A management function that involves defining goals, establishing a strategy for achieving those goals, and developing plans to integrate and coordinate activities.

organizing
A management function that involves determining what tasks are to be done, who is to do them, how the tasks are to be grouped, who reports to whom, and where decisions are to be made.

Ways to Look at What Managers Do

Management Roles Approach

- Henry Mintzberg, a prominent management researcher at McGill University, studied actual managers at work and discovered they spent little time in reflection, and most time in reaction.
- **Management roles** refer to specific managerial actions or behaviours. (Think of the different roles you play and the different behaviours you are expected to perform in the roles of student, employee, volunteer, etc.)
- These 10 roles, shown in Exhibit 1-4, are grouped around interpersonal relationships, the transfer of information, and decision making.

EXHIBIT 1-4 Mintzberg's Managerial Roles

Role	Description	Examples of Identifiable Activities
Interpersonal		
Figurehead	Symbolic head; performs routine legal or social duties	Greeting visitors; signing legal documents
Leader	Motivation of subordinates; staffing, training, and associated duties	Performing virtually all activities that involve subordinates
Liaison	Maintains network of contacts who provide favours and information	Acknowledging email; external board work; meeting with stakeholders
Informational		
Monitor	Sifts through a wide variety of internal and external information	Reading periodicals and reports; maintaining business network; LinkedIn
Disseminator	Conveys complex information to members of the organization	Holding informational meetings; phone calls
Spokesperson	Communicates with stakeholders on organizational plans and actions	Holding board meetings and media sessions
Decisional		
Entrepreneur	Identifies opportunities and brings about corrective changes	Organizing strategy to develop new programs
Disturbance handler	Takes corrective action when organization faces major disturbances	Resolving disturbances and crises
Resource allocator	Makes or approves all significant organizational decisions	Scheduling; requesting authorization; budgeting
Negotiator	Represents the organization at major negotiations; sets purchasing and contract terms	Union contract negotiations

Source: Based on H. Mintzberg, *The Nature of Managerial Work*, 1st edition, © 1973. HarperCollins Publishers.

Functions Versus Roles

- Both approaches describe what managers actually do.
- Many of Mintzberg's roles align well with one or more of the functions.
- The functions approach is more useful because of its simplicity and clarity. Managers carry out so many diverse activities and utilize such varying techniques that functions are needed for categorizing ways to achieve organizational goals.¹⁴

management roles

Specific categories of managerial behaviour.

Managers work in organizations. But what is an **organization**? An organization is a deliberate arrangement of people who act together to accomplish some specific purpose. Your college or university is an organization; so are churches, Amazon.ca, your neighbourhood convenience store, the United Way, the Toronto Raptors basketball team, and the Canadian Tire company. These examples are all organizations because they have three common characteristics:

- *Distinct purpose.* This purpose is typically expressed in terms of a goal or a set of goals that the organization hopes to accomplish.
- *People.* One person working alone is not an organization. An organization requires people to perform the work necessary to achieve its goals.
- *Deliberate structure.* Whether that structure is open and flexible or traditional and clearly defined, the structure defines members' work relationships.

In summary, the term *organization* refers to an entity that has a distinct purpose, includes people or members, and has some type of deliberate structure.

Although these three characteristics are important to our definition of *what* an organization is, the concept of an organization is changing. It is no longer appropriate to assume that all organizations are going to be structured like Air Canada, Petro-Canada, or General Motors, with clearly identifiable divisions, departments, and work units. Just how is the concept of an organization changing? Today's organizations are becoming more open, flexible, and responsive to change.¹⁵

Why are organizations changing? Because the world around them has changed and continues to change. Societal, economic, political, global, and technological changes have created an environment in which successful organizations (those that consistently attain their goals) must embrace new ways of getting work done. As we stated earlier, even though the concept of an organization may be changing, managers and management continue to be important to organizations.

The Size of Organizations

Managers do not just manage in large organizations, which represent only about 2 percent of all organizations in Canada. Small businesses (those that employ fewer than 100 individuals) represent 98 percent of all Canadian companies. These businesses employ almost half of all Canadian workers. See Supplement 2 for more data on small and medium enterprises and their contribution to the economy.

Managers are also not confined to manufacturing work, as only 10 percent of Canadians work in manufacturing organizations. Most Canadians (around 78 percent) work in the service sector of the economy, with 21 percent working in public sector jobs (those in the local, provincial, or federal government).¹⁶ Industry Canada defines small and medium-sized enterprises (SMEs) as businesses with fewer than 500 employees. SMEs currently make up 48 percent of Canadian businesses.¹⁷ Supplement 1 looks at SMEs in more detail.

The Types of Organizations

Managers work in a variety of situations, and therefore the people to whom they are held accountable vary considerably. Large organizations in the **private sector** are often **publicly held**, which typically means that their shares are available on the stock exchange for public trading. Managers of publicly held companies report to a board of directors that is

Think About It

Do managers act differently when they work for large organizations rather than smaller ones?

organization

A deliberate arrangement of people who act together to accomplish some specific purpose.

private sector

The part of the economy run by organizations that are free from direct government control; enterprises in this sector operate to make a profit.

publicly held organization

A company whose shares are available on the stock exchange for public trading by brokers/dealers.