

FUNDAMENTALS OF MANAGEMENT

Seventh Canadian Edition



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

New

to the Robbins/DeCenzo/Coulter/Anderson

Fundamentals of Management,

7th Canadian edition:

An unprecedented integration between textbook, online resources, and instructor supplements to maximize the value of instructor tools and provide a seamless study experience for students!

Experience the combined power of an industry-leading textbook, MyManagementLab study tools, and instructor supplements through links and assessments specifically customized by experienced Canadian educators. The integrated resources have been developed around **key learning directives** that promote **comprehension, application, synthesis** and **evaluation**. These connections are made explicit through carefully placed icons that link key concepts and examples to corresponding online study tools.

Look for these icons!



interpret



analyze



practise

Each icon indicates that the learning experience beginning in the textbook will continue seamlessly in the online environment through additional activities, quizzes, and study tools. Readers of the eText can jump directly to each activity with just one click. Valuable end-of-chapter resources and instructor supplements mirror the **Interpret, Analyze, and Practise** organization.

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MyManagementLab® Learning Resources

Resources

Explore and enhance your understanding of key chapter topics through the following online resources:

- Student PowerPoints
- Audio Summary of Chapter
- ROLLS
- CBC Videos for Part 1
- MySearchLab

Visit the **Study Plan** area to test your progress with **Pre-Tests** and **Post-Tests**.

Build on your knowledge and practise real-world applications using the following online activities:

Interpret	Analyze	Practise
<ul style="list-style-type: none">• Opening Case Activity: The Management Functions• Review and Apply: Solutions to Interpret section questions and activities• Glossary Flashcards	<ul style="list-style-type: none">• Opening Case Activity: Focus on Management Skills• Review and Apply: Solutions to Analyze section questions and activities• Self-Assessment Library	<ul style="list-style-type: none">• Opening Case Activity: Pearson Simulation—What is Management?• Review and Apply: Solutions to Practice section questions and activities• Decision Making Simulation: What is Management?

To discover more about the philosophy behind this innovative integration, read the author team's message in the Preface.

Log on to **MyManagementLab** to explore this new learning experience!

FUNDAMENTALS OF MANAGEMENT

Seventh Canadian Edition

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Preface

Welcome to the seventh 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 through

- 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 seventh Canadian edition through a rich variety of pedagogical features, including the following:

- Learning objectives to guide student learning begin each chapter. These questions are repeated at the start of each major chapter section to reinforce the learning objective.
- An opening case starts the body of the chapter and is threaded throughout the chapter to help students apply a story to the concepts they are learning.
- *Think About It* questions follow the opening case to give students a chance to put themselves in the shoes of managers in various situations.
- Integrated questions (in the form of yellow notes) throughout the chapters help students relate management to their everyday lives.

PART 1 DEFINING THE MANAGER'S TERRAIN

CHAPTER 1 Introduction to Management and Organizations

LEARNING OBJECTIVES

- 1.1 Tell What makes someone a manager? p. 4
- 1.2 Define What is management and what do managers do? p. 6
- 1.3 Describe What characteristics define an organization? p. 11
- 1.4 Explain Does studying management make a difference? p. 13

Think About It
What kinds of skills do managers need?

3

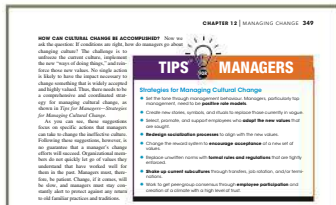
Just being efficient is not enough, however. Management is also responsible for being effective—completing activities so that organizational goals are achieved. **Effectiveness** is often described as “doing the right things”—that is, those work activities that will help the organization reach its goals. 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 1-1). Management is concerned, then, not only 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

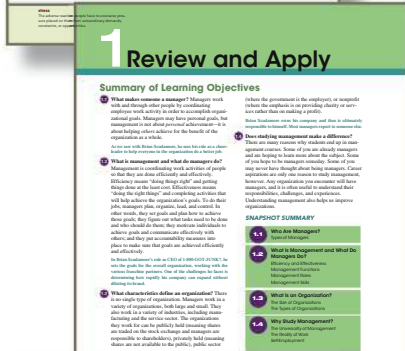
Think about a manager you have had and identify the extent to which he or she engaged in planning, organizing, leading, and controlling.



- *Tips for Managers* boxes 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

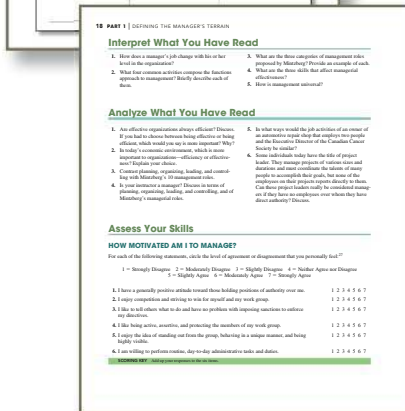
The entire end-of-chapter section, *Review and Apply*, provides a wealth of exercises and applications.



- The *Summary of Learning Objectives* provides responses to the outcome-based questions identified at the beginning of each chapter. Accompanying this feature is a *Snapshot Summary* box that provides a quick look at the organization of the chapter topics.

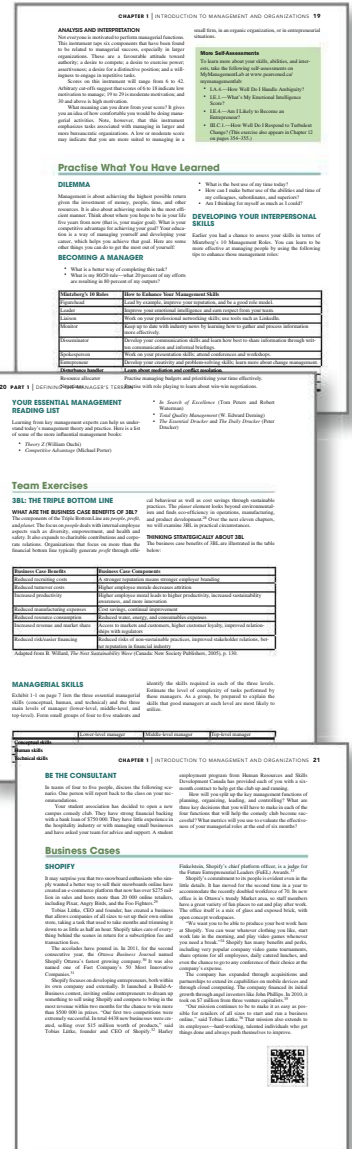


- The *MyManagementLab Learning Resources* table provides a synopsis of key study tools found on the MyLab.



- *Interpret What You Have Read* allows students to review their understanding of the chapter content.
- *Analyze What You Have Read* helps students see the application of theory to management situations.
- *Assess Your Skills* gives students an opportunity to discover things about themselves, their attitudes, and their personal strengths and weaknesses. Each chapter includes one self-assessment exercise that students can fill out and refers students to the MyManagementLab website where they can access additional interactive self-assessment exercises.

- **Practise What You Have Learned** 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.
 - *Developing Your Diagnostic and Analytical Skills* asks students to apply chapter material to analyze a case.
 - *Developing Your Interpersonal Skills* emphasizes the importance of communication and interaction skills.
- **Team Exercises** give students a chance to work together in groups to solve a management challenge and include two new exercises: *3BL: The Triple Bottom Line* and *Be the Consultant*. Both of these exercises were added to the seventh Canadian edition in order to increase the sustainability component of the text and to give students more of a hands-on perspective into consulting.
- The **Business Cases** are decision-focused cases that ask students to determine what they would do if they were in the situation described.



MyManagementLab[®]

An access code to MyManagementLab is included with the textbook *Fundamentals of Management*. MyManagementLab is an online study tool for students and an online homework and assessment tool for faculty. For the seventh Canadian edition, MyManagementLab resources and features have been specifically tailored by two innovative and experienced Canadian contributors. This new author team has ensured that key chapter concepts are supported by specific and easy-to-navigate online and instructor activities highlighted with icons in the textbook, MyManagementLab, and the Instructor's Manual.

The new MyManagementLab resources and features are built on an instructor-driven philosophy of presenting activities that challenge students on many different levels of learning. Key MyManagementLab activities have been highlighted in the text using carefully placed icons that link key concepts and examples to corresponding online study tools. This new framework and set of activities support the established and popular features of MyManagementLab, such as the Personalized Study Plan, Auto-Graded Tests and Assignments, Pearson eText, Glossary Flashcards, Robbins *OnLine Learning System (R.O.L.L.S.)*, the Self-Assessment Library, and much more! Learn more about MyManagementLab at www.mymanagementlab.com.



For more details about the philosophy and vision for the new textbook, MyManagementLab, and supplement integration strategy, see the MyManagementLab authors' message below.

A Message from our MyManagementLab Author Team

As instructors who have used *Fundamentals of Management* over the past several years in our management courses, we are delighted to be involved in the development of the seventh Canadian edition. The world of business affects our lives every day, and “management” will affect the lives of all of us who work for a living. Our goal, therefore, has been to help deliver a text, supplemental materials, and online learning package that will engage students in a positive and direct manner as they build their fundamental knowledge of business in general and management in particular. In addition to viewing the material from the student perspective, we also strove to facilitate the instructor’s use and application of the rich subject material and resources to provide a dynamic, interactive, and enjoyable classroom experience.

As a preamble, we thought it would be helpful to outline the basic assumptions and philosophy underlying our contributions to the *Fundamentals of Management* text, MyManagementLab, and supplemental materials. First, we know that for most students this course is their introduction to business and to management. For this reason, we approach the subject material with a view to building the student’s knowledge one block at a time. Second, we believe that once students learn the material, they should have an opportunity to “play” with it as they think about it. The interactive nature of MyManagementLab offers the perfect environment within which students may play and learn. Finally, we want to encourage students, as they master the material, to reach into their new “tool kit” to problem solve, and in doing so, understand the relevance of the concepts to both their personal, and eventually, working lives. Again, we are ever mindful of providing the instructor with his or her own tool box for delivering the material in an interesting and engaging manner.

To reinforce our building-block approach, our directives to Interpret, Analyze, and Practise, in alignment with the learning objectives, have been based upon the following pedagogy:

- Comprehension—Interpret What You Have Read
- Application—Analyze What You Have Read
- Synthesis/Evaluation—Practise What You Have Learned

To these ends we have

- Used the learning objectives as our guide in linking chapter content with the MyManagementLab activities and in the preparation of related exercises and activities;
- Prepared activities to complement the in-text cases and exercises, and to encourage students to interpret, analyze, and practise the subject material;
- Indicated which MyManagementLab content is best linked to the textbook by explicitly referencing this material as part of our exercises and activities;
- Identified where and with what material we believe the content icons directing students to Interpret, Analyze, and Practise should be associated in the chapter;

We sincerely hope that both student and instructor will find this text and the accompanying supplemental materials to be a practical and enjoyable route to learning and using the fundamental tools of business management.

Amanda Bickell (Kwantlen Polytechnic University) and Floyd Simpkins (St. Clair College)

Study on the Go

Featured at the end of each chapter, you will find a unique barcode providing access to Study on the Go, an unprecedented mobile integration between text and online content. Students link to Pearson’s unique Study on the Go content directly from their smartphones, allowing them to study whenever and wherever they wish! Go to one of the sites below to see how you can download an app to your smartphone for free. Once the app is installed, your phone will scan the code and link to a website containing Pearson’s Study on the Go

content, including the popular study tools Glossary Flashcards, Audio Summaries, and Quizzes, which can be accessed anytime.

ScanLife

<http://getscanlife.com>

NeoReader

<http://get.neoreader.com/>

QuickMark

<http://www.quickmark.com.tw/>

NEW TO THE SEVENTH CANADIAN EDITION

In addition to the new pedagogical features highlighted on previous pages, 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 *Practise What You Have Learned* and *Business Cases* sections. These cases include a variety of open-ended questions for classroom discussion or small-group assignment.

- End of Part Cases

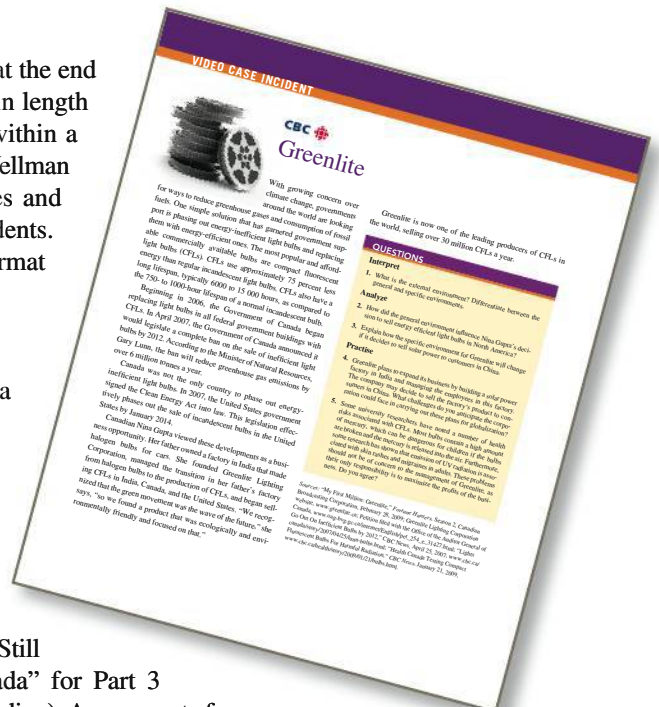
For more dynamic case presentation, we have provided video cases at the end of each part. The cases are based on high quality videos that range in length from 3 to 18 minutes. They focus on several management issues within a part and include a set of all new objectives-based questions. Sandra Wellman (Seneca College) carefully selected the videos and wrote the cases and questions to provide instructors with engaging material for their students. The videos are available on the MyManagementLab and in DVD format (ISBN 978-0-13-266832-7).

- 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.

- NEW Multi-Chapter Cases (MyManagementLab)

Hosted within MyManagementLab and prepared by the textbook author, Ian Anderson, are three NEW, multi-chapter cases: “Canada Still Loves A&W” for Part 2 (Planning), “Transformation at Air Canada” for Part 3 (Organizing), and “The Canadian Call Centre Industry” for Part 4 (Leading). Assessments for these multi-chapter cases include online multiple-choice and short-answer questions.



CHAPTER-BY-CHAPTER HIGHLIGHTS

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

Chapter 1

- Updated opening case on 1-800-GOT-JUNK?
- New end-of-chapter (EOC) material (*Be the Consultant*, *3BL*, *Business Cases*, heavily revised *Dilemma/Becoming a Manager*, etc.)

Supplement 1

- Brand new supplement on Small and Medium-Sized Enterprises and Organizations

Chapter 2

- New opening case on TransCanada and the Keystone Pipeline Project
- Heavily revised *The General Environment*, with all sub-sections updated plus new material added on environmental conditions
- New EOC material (*Be the Consultant*, *3BL*, *Business Cases*, etc.)

Chapter 3

- New opening case on Maple Leaf Foods
- *Criticisms of Planning* moved to early in the chapter
- New material on forecasting, contingency planning, scenario planning, and benchmarking
- New exhibit on SWOT Analysis and new material on PESTEL Analysis
- Learning Objective #5 from the sixth Canadian edition (How can quality be a competitive advantage?) and its corresponding chapter material on quality management, ISO 9000, and Six Sigma deleted
- New EOC material (*Developing Your Interpersonal Skills*, *3BL*, *Business Cases*, revised *Dilemma/Becoming a Manager*, etc.)

Chapter 4

- New opening case on Nurse Next Door
- New material on bounded decision making
- New material on employee involvement in decision making
- New EOC material (*Be the Consultant*, *3BL*, *Business Cases*, etc.)

Chapter 5

- Updated opening case on Maple Leaf Sports and Entertainment
- New EOC material (*Be the Consultant*, *3BL*, *Business Cases*, etc.)

Chapter 6

- Updated opening case on Facebook and social networking
- New material on mental models
- New *Tips for Managers* box on Communication with Diverse Individuals

- New tips on Receiving Feedback added to *Tips for Managers* box on Giving Feedback
- Enhanced information on email and instant messaging, and new material on wikis and blogs
- New *Tips for Managers* box on Getting Started with Social Media
- New material on social media strategies
- New EOC material (*Be the Consultant*, *3BL*, *Business Cases*, etc.)

Chapter 7

- New opening case on the Calgary Chamber of Voluntary Organizations
- Material on organizational change (moved from Chapter 11), demographic trends, and technology added to *Human Resource Management Process*
- New Exhibit 7-1 on the Human Resource Management Process
- New material on job design added to *Human Resource Requirements*
- Reduced sub-section on *Types of Selection Devices* in *Staffing the Organization* (reviewers found that Exhibit 7-5 sufficiently explained these devices)
- Updated *Tips for Managers* box, which now covers Behavioural and Situational Questions
- Updated and reorganized *Compensation and Rewards*—Learning Objective #6 now focuses on how “Total Rewards” motivate employees (this change was well received by reviewers)
- New Learning Objective #7 (What can organizations do to maximize employee relations?)—corresponding chapter sections incorporate some material from the sixth edition section *Current Issues in HRM* as well as new and updated topics on occupational health and safety, corporate wellness initiatives, sexual harassment, and employee engagement
- New EOC material (*Networking*, *3BL*, *Business Cases*, revised *Becoming a Manager*, etc.)
- Note: a primary goal for this chapter was to make it more concise and more relevant to students taking an introductory overview of management (versus an introductory HR course)

Chapter 8

- New material on the difference between managers and leaders
- New material on female leaders
- New *Tips for Future Leaders* material
- New EOC material (*3BL*, *Business Cases*, revised *Becoming a Manager*, etc.)

Chapter 9

- New opening case on Yellow House Events
- New material on four-drive theory (replaces *Job Characteristics Model*)
- New EOC material (*3BL*, *Business Cases*, revised *Becoming a Manager*, etc.)

Chapter 10

- New opening case on Great Little Box Company
- New material on what makes up a team and teamwork
- New material on turning groups into teams
- New EOC material (*3BL, Business Cases*, revised *Becoming a Manager*, etc.)

Chapter 11

- New opening case on Canadian Curling Association
- New EOC material (*3BL, Business Cases*, revised *Becoming a Manager*, etc.)

Chapter 12

- New opening case on BP
- New Learning Objective #4 and corresponding section on *Common Approaches to Organizational Change*
- New EOC material (*Be the Consultant, 3BL*, revised *Becoming a Manager*, etc.)

SUPPLEMENTS

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

- Instructor's Manual (includes video teaching notes, detailed lecture outlines, and suggestions on how to integrate the MyManagementLab material into your course), prepared by Floyd Simpkins of St. Clair College and Amanda Bickell of Kwantlen Polytechnic University
- PowerPoint Slides, prepared by Floyd Simpkins of St. Clair College and Amanda Bickell of Kwantlen Polytechnic University
- MyTest, prepared by Floyd Simpkins of St. Clair College and Amanda Bickell of Kwantlen Polytechnic University
- Video cases (available in DVD format [ISBN 978-0-13-266832-7] and on the MyManagementLab), prepared by Sandra Wellman of Seneca College

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I dedicate this book to my two sons, Shaun and Isaac.

Ian Anderson
 August 2012

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Dr. Robbins is the world's best-selling textbook author in the areas of management and organizational behavior. His books have sold more than 5 million copies and have been translated into 20 languages. His books are currently used at more than 1,500 US colleges and universities, as well as hundreds of schools throughout Canada, Latin America, Australia, New Zealand, Asia, and Europe.

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including *Management* (with Stephen P. Robbins), *Strategic Management in Action*, and *Entrepreneurship in Action*.

When she's not busy writing, Dr. Coulter enjoys putting 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 granddaughter, Brooklynn. Love ya' my sweet baby girl!

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In Ian's "other life," he is a sommelier and works regularly with Groovy Grapes providing tutored tastings and wine and scotch education. Ian's parents, Bob and Katharine, are from the Niagara area, and Ian has visited wine regions in Australia, New Zealand, Canada, the United States, Austria, and Germany. Ian has coached hockey and soccer for more than 20 years.

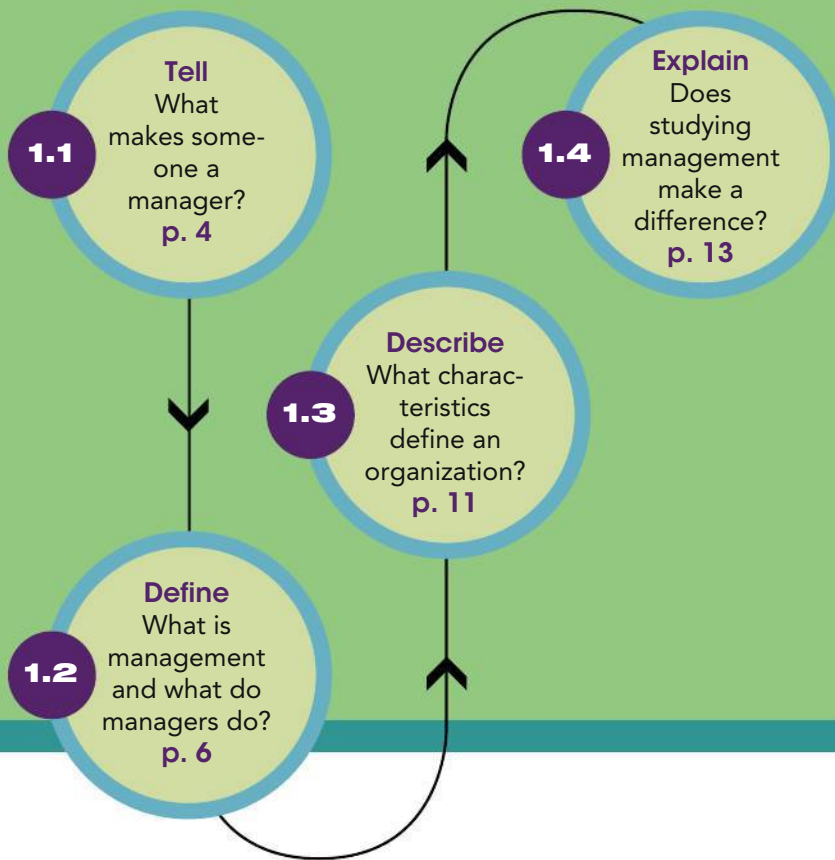


PART 1 DEFINING THE MANAGER'S TERRAIN

CHAPTER 1 Introduction to Management and Organizations



LEARNING OBJECTIVES



Brian Scudamore was an 18-year-old university student in need of money when he founded Vancouver-based 1-800-GOT-JUNK?, North America’s largest junk-removal service.¹ “An inspiration came to me when I was in a McDonald’s drive-through in Vancouver. I saw a beaten-up pickup truck with plywood panels advertising junk pickup and hauling.”

At first, hauling junk was meant to get him through university. However, by the third year of his studies, the business had grown enough that he dropped out of school to manage it full time.

Scudamore started his business in 1989 with a \$700 pickup truck, but now has more than 200 franchises throughout Canada, the United States, Australia, and the United Kingdom. He says he based his business model on Federal Express, which offers on-time service and up-front rates. Drivers wear clean uniforms and drive shiny, clean trucks. In 2011, Scudamore entered the fragmented market of house painting with 1-888-WOW-1DAY! Painting. The new company is able to build on the strengths of Got-Junk’s brand name, call centre, training, and franchising system.²

Scudamore learned about business by doing business. He also learned that it is important for managers to involve employees in decision making: “As soon as I stopped trying to be the CEO who’s got everything under control, there was an instant shift,” he says. “My managers started seeing me as someone they could disagree with—and that makes all of us stronger.”

Think About It

What kinds of skills do managers need?

Brian Scudamore is a good example of what today's successful managers are like and what skills they must have to deal with the problems and challenges of managing in the twenty-first century. This textbook is about the important managerial work that Brian Scudamore and the millions of other managers like him do. It recognizes the reality today's managers face: 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 many chapters throughout the text, you will find the feature *Tips for Managers*, which presents actions managers can take in specific situations in the workplace.

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.

1.1

Tell
What
makes some-
one a
manager?

WHO ARE MANAGERS?

As founder of 1-800-GOT-JUNK?, Brian Scudamore manages the largest junk removal service in North America.³ He attended Dawson College in Montreal, and then spent one year each at Concordia and the University of British Columbia studying business before dropping out to run his business full-time. Part of his job is making sure that those who run the 1-800-GOT-JUNK? franchises around the world are successful in carrying out his business model. "By relying on franchise owners to come in and share some of the risk, I realized I could expand the firm without having to turn to outside investors or other funding sources," Scudamore said. "To me, this was a solid plan for growth." In March 2012, Scudamore was featured on *Undercover Boss Canada*. His TV appearance has rapidly increased the number of interested franchisees for 1-888-WOW-1DAY! Painting. The company had 12 signed franchises by May 2012 and expect that number to double by the end of the year.⁴

Think About It

What makes Brian Scudamore a manager?

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 start-ups. They are found in government departments, hospitals, small businesses, not-for-profit agencies, museums, schools, and even nontraditional organizations such as political campaigns 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.⁵ 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.⁶ In addition, global consulting firm Watson Wyatt Worldwide found that the way a company manages its people can significantly affect its financial performance.⁷ We can conclude from such reports that managers *do matter!*

Defining who managers were 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.⁸ 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.⁹

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 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, Brian Scudamore is a top-level manager for 1-800-GOT-JUNK? He is involved in creating and implementing broad and comprehensive changes that affect the entire organization.

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.



Allyson Koteski loves her job as the manager of the Toys "R" Us store in Annapolis, Maryland. She loves the chaos created by lots of kids, toys, and noise. She even loves the long and variable hours during hectic holiday seasons. Because employee turnover is a huge issue in the retail world, Allyson enjoys the challenge of keeping her employees motivated and engaged so they will not quit. The occasional disgruntled customers do not faze her either. She patiently listens to their problems and tries to resolve them satisfactorily. This is what Allyson's life as a manager is like.

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.

1.2

Define
What is management and what do managers do?

WHAT IS MANAGEMENT AND WHAT DO MANAGERS DO?

Managers plan, lead, organize, and control, and Brian Scudamore certainly carries out all of these tasks. He has to coordinate the work activities of his entire company efficiently and effectively. With franchises located in four countries, he has to make sure that work is carried out consistently to protect his brand. He also has to support his managers. He provides support for them by having a call centre operation in Vancouver that makes all the booking arrangements, no matter where the caller is from. This set-up allows managers at other locations to focus on the business of picking up junk. Scudamore works on his plans to expand the business. “One of our goals at 1-800-GOT-JUNK?” he says, “has been to become a globally admired company with a presence in 10 different countries.” He adds, “It’s important to stay focused when entering new markets. No matter how well you do your research, there will always be unexpected details that have to be managed differently.”

Think About It

As a manager, Brian Scudamore needs to plan, lead, organize, and control, and he needs to be efficient and effective. How might Scudamore balance the needs of efficiency and effectiveness in his role as founder and CEO of 1-800-GOT-JUNK? What skills are needed for him to plan, lead, organize, and control effectively? What challenges does he face performing these functions while running an international business?

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.

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.”¹⁰ 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.

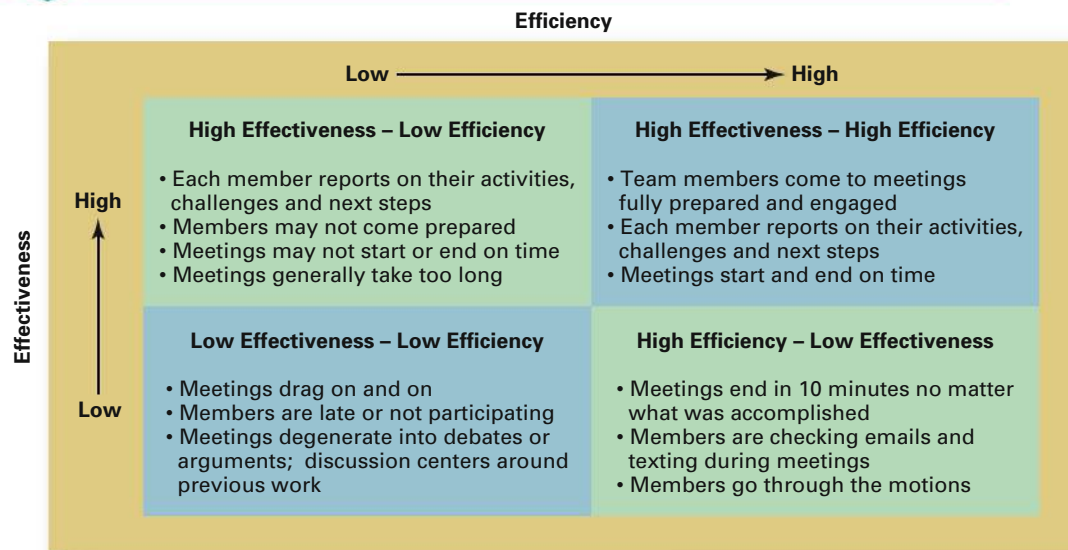
While efficiency is about ways to get things done, effectiveness deals with the ends, or attaining organizational goals (see Exhibit 1-1). Management is concerned, then, not only with completing activities to meet organizational goals (effectiveness), but also with doing so as efficiently as possible. 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.

Think about a manager you have had and identify the extent to which he or she engaged in planning, organizing, leading, and controlling.

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

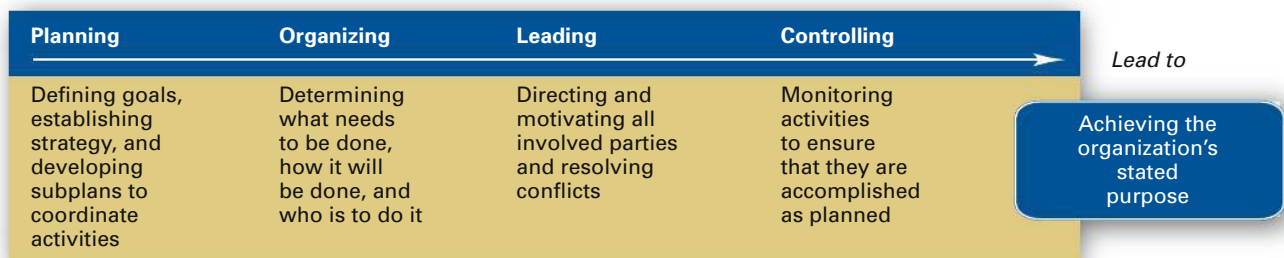
EXHIBIT 1-1 Efficiency, Effectiveness and Performance in Student Meetings



The best student meetings are efficient *and* effective

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.¹¹ Today, most management textbooks (including this one) are organized around four **management functions**: planning, organizing, leading, and controlling (see Exhibit 1-2). But you do not have to be a manager in order 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.

EXHIBIT 1-2 Management Functions



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; referred to as "doing things right."

effectiveness

Completing activities so that organizational goals are achieved; referred to as "doing the right things."

management functions

Planning, organizing, leading, and controlling.

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 (that is, 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.

LEADING Every organization contains people. Part of a manager's job is to work with and through people to accomplish organizational goals. This task is the **leading** function. When managers motivate subordinates, direct the work of individuals or teams, select the most effective communication channel, or resolve behaviour issues, they are leading. Knowing how to manage and lead effectively is an important, and sometimes difficult, skill because it requires the ability to successfully communicate. Leading is not just for managers, however. As a student, you might want to practise leadership skills when working in groups or club activities. You might also want to evaluate whether you need to improve your leadership skills in anticipation of the needs of future jobs. Brian Scudamore believes that leadership is about listening, transparency, and honesty. Transparency and being open about where the business is going are the keys to building trust.¹²

CONTROLLING The final management function is **controlling**. After the goals are set (planning), the plans formulated (planning), the structural arrangements determined (organizing), and the people hired, trained, and motivated (leading), there has to be some evaluation of whether things are going as planned (controlling). To ensure that work is proceeding as it should, managers need to monitor and evaluate employees' performance. Actual performance must be compared with previously set goals. If the performance of individuals or units does not match the goals set, the manager's job is to get performance back on track. This process of monitoring, comparing, and correcting is what we mean by the controlling function. Individuals, whether working in groups or alone, also face the responsibility of controlling; that is, they must make sure the goals and actions are achieved and take corrective action when necessary.

Just how well does the functions approach describe what managers do? Do managers always plan, organize, lead, and then control? In practice, what a manager does may not always happen in this logical and sequential order. But that reality does not negate the importance of the basic functions managers perform. Regardless of the order in which the functions are carried out, managers do plan, organize, lead, and control as they manage.

The continued popularity of the functions approach is a tribute to its clarity and simplicity. But some have argued that this approach is not appropriate or relevant.¹³ So let us look at another perspective.



Interpret

Management Roles

Henry Mintzberg, a prominent management researcher at McGill University, has studied actual managers at work. He says that what managers do can best be understood by looking at the roles they play at work. His studies allowed him to conclude that managers perform 10 different but highly interrelated management roles.¹⁴ The term **management roles**

EXHIBIT 1-3 Mintzberg’s Management Roles

Role	Description	Examples of Identifiable Activities
Interpersonal		
Figurehead	Symbolic head; obliged to perform a number of routine duties of a legal or social nature	Greeting visitors; signing legal documents
Leader	Responsible for the motivation of subordinates; responsible for staffing, training, and associated duties	Performing virtually all activities that involve subordinates
Liaison	Maintains self-developed network of outside contacts and informers who provide favours and information	Acknowledging mail; doing external board work; performing other activities that involve outsiders
Informational		
Monitor	Seeks and receives a wide variety of internal and external information to develop a thorough understanding of organization and environment	Reading periodicals and reports; maintaining personal contacts
Disseminator	Transmits information received from outsiders or from subordinates to members of the organization	Holding informational meetings; making phone calls to relay information
Spokesperson	Transmits information to outsiders on organization’s plans, policies, actions, results, etc.	Holding board meetings; giving information to the media
Decisional		
Entrepreneur	Searches organization and its environment for opportunities and initiates “improvement projects” to bring about changes	Organizing strategy and review sessions to develop new programs
Disturbance handler	Responsible for corrective action when organization faces important, unexpected disturbances	Organizing strategy and review sessions that involve disturbances and crises
Resource allocator	Responsible for the allocation of organizational resources of all kinds—making or approving all significant organizational decisions	Scheduling; requesting authorization; performing any activity that involves budgeting and the programming of subordinates’ work
Negotiator	Responsible for representing the organization at major negotiations	Participating in union contract negotiations

Source: H. Mintzberg, *The Nature of Managerial Work* (New York: Harper and Row, 1973), pp. 93–94. Copyright © 1973 by Henry Mintzberg. Reprinted by permission of Harper & Row, Publishers, Inc.

refers to specific categories of managerial behaviour. (Think of the different roles you play and the different behaviours you are expected to perform in the roles of student, sibling, employee, volunteer, and so forth.) As shown in Exhibit 1-3, Mintzberg’s 10 management roles are grouped around interpersonal relationships, the transfer of information, and decision making.

The **interpersonal roles** involve working with people (subordinates and persons outside the organization) or performing duties that are ceremonial and symbolic in nature. The three interpersonal roles include figurehead, leader, and liaison. The **informational roles**

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.

leading

A management function that involves motivating subordinates, directing the work of individuals or teams, selecting the most effective communication channels, and resolving employee behaviour issues.

controlling

A management function that involves monitoring actual performance, comparing actual performance to a standard, and taking corrective action when necessary.

management roles

Specific categories of managerial behaviour.

interpersonal roles

Management roles that involve working with people or performing duties that are ceremonial and symbolic in nature.

informational roles

Management roles that involve receiving, collecting, and disseminating information.

involve receiving, collecting, and disseminating information. The three informational roles include monitor, disseminator, and spokesperson. Finally, the **decisional roles** involve making significant choices that affect the organization. The four decisional roles include entrepreneur, disturbance handler, resource allocator, and negotiator.

FUNCTIONS VS. ROLES So which approach to describing what managers do is correct—functions or roles? Each has merit. However, the functions approach still represents the most useful way of conceptualizing the manager's job. Managers carry out so many diverse activities and utilize such varying techniques that functions are needed to provide clarity and a means for categorizing ways to achieve organizational goals.¹⁵ Many of Mintzberg's roles align well with one or more of the functions. For example, resource allocation is part of planning, as is the entrepreneurial role, and all three of the interpersonal roles are part of the leading function. Although most of the other roles fit into one or more of the four functions, not all of them do. The discrepancy occurs because all managers do some work that is not purely managerial.¹⁶

Management Skills

Dell Inc. is one company that understands the importance of management skills.¹⁷ It started an intensive five-day off-site skills training program for first-line managers as a way to improve its operations. One of Dell's directors of learning and development thought this initiative was the best way to develop "leaders who can build that strong relationship with their front-line employees." What have the supervisors learned from the skills training? Some things they have mentioned were how to communicate more effectively and how to refrain from jumping to conclusions when discussing a problem with an employee.

What types of skills does a manager need? Research by management scholar Robert L. Katz found that managers needed three essential skills: technical skills, human skills, and conceptual skills.¹⁸

Technical skills include knowledge of and expertise in a certain specialized field, such as engineering, computers, accounting, or manufacturing. These skills are more important at lower levels of management since these managers are dealing directly with employees doing the organization's work.

Human skills involve the ability to work well with other people both individually and in a group. Because managers deal directly with people, this skill is crucial! Managers with good human skills are able to get the best from their people. They know how to communicate, motivate, lead, and inspire enthusiasm and trust. These skills are equally important at all levels of management. According to management professor Jin Nam Choi of McGill University, 40 percent of managers either leave or stop performing within 18 months of joining an organization "because they have failed to develop relationships with bosses, colleagues or subordinates."¹⁹ Choi's comment underscores the importance of developing human skills.

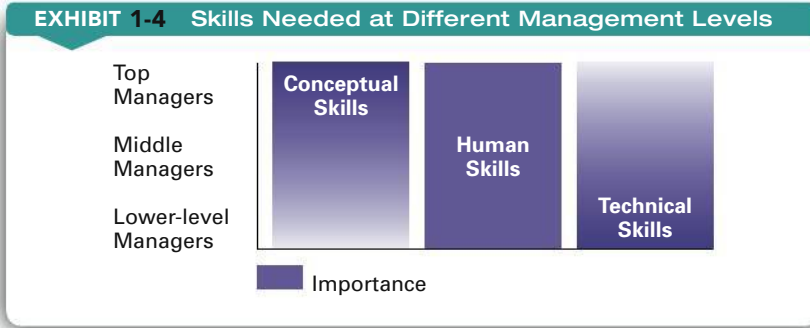
Finally, **conceptual skills** refer to the mental ability to analyze and generate ideas about abstract and complex situations. These skills help managers see the organization as a whole, understand the relationships among various subunits, and visualize how the organization fits into its broader environment. These skills are most important at the top managerial level. Exhibit 1-4 shows the relationship of the three skills to each level of management. Note that the three skills are important to more than one level. In very flat organizations with little hierarchy, human, technical, and conceptual skills would be needed throughout the organization. The employees that Brian Scudamore looks for are able to see possibilities, ask "What if?," and figure out a way to make it happen.²⁰

As you study management functions in more depth, the exercises in *Team Exercises*, found at the end of each chapter, will give you the opportunity to practise some of the key skills that are part of doing what a manager does. Skill-building exercises cannot make you an instant managerial expert, but they can provide you with a basic understanding of some of the skills you will need to master to become an effective manager.



Analyze

EXHIBIT 1-4 Skills Needed at Different Management Levels



WHAT IS AN ORGANIZATION?

Brian Scudamore is the founder of 1-800-GOT-JUNK? Though he has a board of advisors, he is the sole shareholder of the company. Therefore he gets to set his own plans and goals. The company has over 200 franchises in four countries, which means his management skills have to include awareness of the challenges of managing in other countries.

Think About It

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

1.3 Describe
What characteristics define an organization?

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 government departments, churches, Amazon.ca, your neighbourhood video store, the United Way, the Toronto Raptors basketball team, and the Hudson’s Bay 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.²¹

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

Does your college or university or an organization in which you have worked represent a “new organization”? Why or why not?

decisional roles
Management roles that involve making significant choices that affect the organization.

technical skills
Knowledge of and expertise in a specialized field.

human skills
The ability to work well with other people both individually and in a group.

conceptual skills
The mental ability to analyze and generate ideas about abstract and complex situations.

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

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. Small businesses also contribute significantly to the economy. Businesses employing 50 or fewer individuals generated about 28 percent of the total gross domestic product (GDP) in 2009.²² Organizations of every size need managers. Moreover, in 2012, about 15 percent of the labour force was self-employed, meaning that these people were managing themselves.²³

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).²⁴ 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.²⁵ Supplement 1 following this chapter 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



Canada Post is a Crown corporation that has been in operation for more than 150 years serving more than 15 million Canadian addresses. Its 69 000+ full- and part-time employees run the country's most extensive distribution network, which includes 6500 postal outlets, 20 sorting plants, 500 letter carrier depots, and about 6800 vehicles.²⁶