MANAGEMENT

ELEVENTH CANADIAN EDITION

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MANAGEMENT

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ELEVENTH CANADIAN EDITION

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Preface

This course and this book are about management and managers. Managers are the one thing that all organizations—no matter the size, kind, or location—need. And there's no doubt that the world that managers face has changed, is changing, and will continue to change. The dynamic nature of today's organizations means both rewards and challenges for the individuals who will be managing those organizations. Management is a dynamic subject, and a textbook on it should reflect those changes to help prepare you to manage under the current conditions. Thus, we've written this eleventh Canadian edition of *Management* to provide you with the best possible understanding of what it means to be a manager confronting change.

General Content and Approach

The underlying philosophy of our textbook is that "Management Is for Everyone." Students who are not managers, or do not envision themselves as managers, do not always understand why studying management is important or relevant. We use examples from a variety of settings and provide several different end-of-chapter applications, such as *Learning to Be a Manager,* to help you understand the relevance of studying management for your day-to-day life. We have once again expanded the discussion of ethics and social responsibility to reflect the commitment of today's students to making the world a better place.

We have broadened the discussion of adaptability across all chapters—the need for managers to continuously scan for new opportunities and then act strategically to take advantage of them. Design thinking is an emerging and important trend in management that is also considered.

In this edition, we have continued to make enhancements that add to both learning and instruction:

- The chapter on change and innovation (previously Chapter 13) has been moved to Part One: Defining the Manager's Terrain and retitled "Innovation and Adaptability" to reflect its new focus on actual innovation rather than change management.

- Two chapters have been turned into briefer modules with fewer features. The previous Chapter 9 has become Module 2, "Planning and Control Techniques" (following Chapter 9). The previous Chapter 18 has become Module 3, "Managing Operations" (following Chapter 16).

- A new *Datapoints* feature has been added in most chapters (Chapters 1, 2, 3, 5, 7, 8, 9, 10, 11, 12, 13, 14, 15).

- End-of-chapter elements have been streamlined, and each chapter now features two *Case Applications* with discussion questions, rather than only one.

- A new part closer features *A Manager's Dilemma*, which outlines a realistic dilemma for students to resolve, and *Global Sense*, which includes additional information on global issues for students to research and discuss.

Chapter Pedagogical Features

This new edition of *Management* continues to offer a rich variety of pedagogical features, including the following:

- Numbered learning outcomes at the opening of each chapter guide student learning. These are repeated in the margin at the start of each major chapter section to reinforce the learning outcome.

- A vignette opens each 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 vignette, as well as the return to the opening story throughout the chapter, giving students a chance to put themselves into the shoes of managers in various situations.

- *Management Reflections* are longer examples designed to enhance student learning. Some address general managerial issues, while others focus on international issues, ethics, or innovation.

- *Summary and Implications* are organized around the learning outcomes introduced at the beginning of each chapter.

Our end-of-chapter features provide students with a variety of opportunities to apply the material right now, even if they are not managers:

- *Reading and Discussion Questions*. Students can review their understanding of the chapter content and see the application of theory to management situations.

- *Ethical Dilemma*. This exercise gives students an opportunity to consider ethical issues that relate to chapter material, including values-led management and sustainability.

- *Skills Exercise.* To reflect the importance being placed on skills, each chapter has this skills-based feature that encompasses the four management functions. The feature includes lessons about a particular skill, steps in developing the skill, a practice assignment to use the skill (often a mini-case), and a set of reinforcement assignments to further work on accomplishing the skill.

- *Working Together: Team Exercise.* Students get a chance to work together in groups to solve a management challenge.

- *Learning to Be a Manager*. Students can apply chapter material to their daily lives, helping them see that planning, leading, organizing, and controlling are useful in one's day-to-day life too. This feature is suggests activities and actions students can do right now to help them in preparing to become a manager.

- *Case Applications.* Each chapter has two decision-focused cases that ask students to determine what they would do if they were in the situation described.

New to the Eleventh Canadian Edition

Content and examples throughout the text have been revised and updated. Key content changes include the following:

Chapter 1: Introduction to Management and Organizations includes new coverage of social media and sustainability, as well as an enhanced discussion of innovation and creativity as contributors to building an adaptable organization.

Module 1: Management History has updated exhibits and examples.

Chapter 2: Organizational Culture and the Organizational Environment explores new trends in organizational culture, including new examples.

Chapter 3: Managing in a Global Environment has updated information on international trade alliances and agreements as well as a new discussion of cultural intelligence and global mindset. A new vignette on Ford in the global marketplace runs throughout the chapter.

Chapter 4: Managing Entrepreneurially offers new coverage of start-ups and a discussion of how existing companies can apply the entrepreneurial approach to developing new products (drawing on lean methodologies). A new vignette on Futurepreneur Canada runs throughout the chapter.

Chapter 5: Managing Responsibly and Ethically includes updated information on and examples of sustainability and ethical management.

Chapter 6: Innovation and Adaptability has an enhanced focus on innovation to induce change and a reduced focus on managing change, and also introduces design thinking. A new vignette on Blackberry and its fall from grace runs throughout the chapter.

Chapter 7: Decision Making has new discussion of evidence-based management and design thinking and decision making. A new vignette based on the disruptions that airlines faced in the winter of 2013–2014 because of adverse weather patterns runs throughout the chapter.

Chapter 8: Foundations of Planning has a new discussion of stated goals and real goals.

Chapter 9: Managing Strategically now includes a separate learning outcome on competitive advantage and a new discussion of design thinking.

Module 2: Planning and Control Techniques, formerly a separate chapter, is now a module and has updated exhibits and examples.

Chapter 10: Organizational Design has expanded coverage of chain of command, including new figures, as well as a revised discussion of contemporary organizational designs.

Chapter 11: Managers and Communication has an enhanced focus on social media and technology, and new coverage of the impact of workplace design on communication. A new vignette looks at the use of Twitter by organizations.

Chapter 12: Managing Human Resources has a new discussion of the impact of downsizing.

Chapter 13: Leadership includes Leader–Member Exchange Theory (LMX) and has a reduced emphasis on the early theories of leadership and motivation.

Chapter 14: Motivating Employees has expanded material on the job characteristics model and job redesign. The section on current issues has been revised to include tough economic circumstances, open-book management, and new information on cross-cultural challenges.

Chapter 15: Managing Groups and Teams includes new material on team-building skills.

Chapter 16: Managerial Controls: Evidence-Based Decision Making has a revised approach, using the frame of evidence-based decision making. New material includes controlling customer interactions and the use of dashboards to manage information for decision makers.

Module 3: Managing Operations, formerly a separate chapter, is now a module and has new coverage of lean organizations.

Supplements

MyManagementLab

With this eleventh Canadian edition of *Management*, we continue to offer MyManagementLab, which provides students with an assortment of tools to help enrich and expedite learning. MyManagementLab is an online study tool for students and an online homework and assessment tool for faculty. MyManagementLab lets students assess their understanding through auto-graded tests and assignments, develop a personalized study plan to address areas of weakness, and practise a variety of learning tools to master management principles. New and updated MyManagementLab resources include the following:

- **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 are assignable 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 Personalized Study Plan.** As students work through MyManagementLab's new Study Plan, they can clearly see which topics they have mastered—and, more importantly, which they need to work on. Each question has been carefully written to match the concepts, language, and focus of the text, so students can get an accurate sense of how well they've understood the chapter content.

- **NEW Business Today Videos.** *Business Today* is a dynamic and expanding database of videos covering the disciplines of management, business, marketing, and more. Instructors will find new videos posted monthly, which makes *Business Today* the ideal resource for up-to-date video examples that are perfect for classroom use.

- **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 question types designed to gauge student understanding.

- **Assignable Mini-Cases and Video Cases.** Instructors have access to a variety of case-based assessment material that can be assigned to students, with multiple-choice quizzes or written-response format in MyManagementLab's new Writing Space.

- **eText.** Students can study without leaving the online environment. They can access the *e*Text online, including videos and simulations. The interactive *e*Text allows students to highlight sections, bookmark pages, or take notes electronically just as they might do with a traditional text. Instructors can also add their own notes to the text and then share them with their students.

- **Glossary Flashcards.** This study aid is useful for students' review of key concepts.

- **BizSkill and Decision-Making Mini-Simulations.** The BizSkill and Decision-Making mini-simulations help students analyze and make decisions in common business situations; the simulations assess student choices and include reinforcement quizzes, outlines, and glossaries.

- **Careers in Management.** These documents outline professional management associations in Canada and describe some key management positions and the skills students need to pursue specific careers.

Additional Instructor Resources

Management is accompanied by a complete set of instructor resources. Some of these items are available for download from a password-protected section of Pearson Canada's online catalogue (www.pearsoncanada.ca/highered). Navigate to your book's catalogue page to view a list of those supplements that are available. See your local sales representative for details and access.

Instructor's Resource Manual: This manual includes detailed lecture outlines, answers, and teaching suggestions for the end-of-chapter questions and activities, and video teaching notes.

PowerPoint Slides: These chapter-by-chapter presentations cover key points and exhibits, are correlated to the learning objectives, and provide detailed speaking notes.

TestGen: The new edition of *Management* comes with TestGen, a computerized test bank that enables instructors to view and edit the existing questions, add questions, generate tests, and print the tests in a variety of formats. Powerful search and sort functions make it easy to locate questions and arrange them in any order desired. TestGen also enables instructors to administer tests on a local area network, have the tests graded electronically, and have the results prepared in electronic or printed reports. The TestGen for the eleventh Canadian edition includes over 2500 questions in true/false, multiple-choice, and short-answer formats.

Test Item File: All the questions from the TestGen test bank are also available in Microsoft Word format.

Video Guide: This guide provides a synopsis and questions for the *Business Today* videos available on MyManagementLab.

Image Library: All exhibits from the text are provided in electronic format for instructor use.

CourseSmart: CourseSmart goes beyond traditional expectations—providing instant, online access to the textbooks and course materials you need at a lower cost for students. And even as students save money, you can save time and hassle with a digital *e*Textbook that allows you to search for the most relevant content at the very moment you need it. Whether it's evaluating textbooks or creating lecture notes to help students with difficult concepts, CourseSmart can make life a little easier. See how when you visit www.coursesmart.com/instructors.

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 Education sales representative can provide you with more details on this service program.

Pearson Custom Library: For enrollments of at least 25 students, you can create your own textbook by choosing the chapters that best suit your own course needs. To begin building your custom text, visit www.pearsoncustomlibrary.com. You may also work with a dedicated Pearson Custom editor to create your ideal text—publishing your own original content or mixing and matching Pearson content. Contact your local Pearson Representative to get started.

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About the Authors

Stephen P. Robbins (Ph.D., University of Arizona) is professor emeritus of management at San Diego State University and the world's best-selling textbook author in the areas of both 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 1500 U.S. colleges and universities as well as hundreds of schools throughout Canada, Latin America, Australia, New Zealand, Asia, and Europe. Dr. Robbins is also the author of the best-selling *The Truth About Managing People,* 2nd ed. (Financial Times/Prentice Hall, 2008) and *Decide & Conquer* (Financial Times/Prentice Hall, 2004).

Dr. Robbins actively participates in masters' track competitions. 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 (12.37) and 200m (25.20) for men 65 and over.

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Ed Leach received his Ph.D. in computing technology in education from Nova Southeastern University in Ft. Lauderdale and an MBA from the University of Western Ontario. Prior to completing his graduate work, Dr. Leach was an entrepreneur who also taught in the professional programs of the Society of Management Accountants and the Purchasing Management Association of Canada. His interest in working with entrepreneurs has continued since joining Dalhousie University, where Dr. Leach has mentored lead entrepreneurs during the start-up phase of their technology businesses, including two IPOs. Dr. Leach is an award-winning professor who developed the introductory management course at Dalhousie and has taught it since its inception in 1999. His research interests lie in the field of entrepreneurship and specifically the role of creativity in triggering innovation. Dr. Leach is the director of the Norman Newman Centre for Entrepreneurship, in the School of Business, Dalhousie University, and is a past president of the Canadian Council for Small Business and Entrepreneurship (CCSBE), 2006. When he is not busy teaching, he enjoys cooking and spending time with family, especially his and Mary's four grandchildren.

Mary Kilfoil received her Ph.D. from Dalhousie University and her master's degree from Carleton University, in economics. Dr. Kilfoil is the academic lead for the Starting Lean initiative and in 2014 was named national educator of the year by Startup Canada. Mary has taught the introductory management course in the Faculty of Management as well as courses in economics, program evaluation, and research methods at Dalhousie University. She has developed course curricula for the MBA Financial Services Program and the Executive Masters of Public Administration (MPA-M) Program offered to government employees across Canada. Dr. Kilfoil has more than 20 years' experience as a manager in the private sector and holds the position of senior economist and partner at Gardner Pinfold Consultants, one of Canada's leading firms specializing in economic analysis. She has extensive experience as a researcher, analyst, and report writer in the field of environmental and natural resource economics, economic impact analysis, and climate change policy, with some 75 major reports to her credit. She is also the co-director for the Dalhousie Shad Valley Program, a residential academic program for gifted youth. When she is not busy working, Mary enjoys spending time with family, gardening, outdoor recreational activities, and travelling.

Introduction to Management and Organizations

In this chapter, we'll introduce you to who managers are and what they do. One thing you'll discover is that the work managers do is vitally important to organizations. But you'll also see that being a manager—a good manager—isn't easy. The best companies and organizations are more flexible, more efficient, and more adaptable. After reading and studying this chapter, you will achieve the following learning outcomes.

Learning Outcomes

1 Explain why managers are important to an organization.

2 Tell who managers are and where they work.

3 Describe the characteristics of an organization.

4 Describe the factors that are reshaping and redefining the manager's job.

5 Explain the value of studying management.

▶ ▶ ▶ The celebration in 1984 of the 450th anniversary of explorer Jacques Cartier's arrival in Canada saw a small troupe of street performers put together a circus.[1] Who could have imagined at the time that this ragtag bunch of French-Canadian hippies would become the Cirque du Soleil ("circus of the sun") that we know today? Thirty years later, Cirque du Soleil's big-budget, animal-free circuses are Canada's largest cultural export, pulling in an estimated $1 billion a year in revenue. The dynamic between CEO Daniel Lamarre and company founder Guy Laliberté is an interesting one as the pragmatic (Lamarre) meets the creative (Laliberté). As Lamarre puts it, "I'm very lucky because we are so complementary. What Guy likes to do, I don't and what I like to do, he doesn't." Laliberté rather likes people with stratospheric ambitions. At a time when most businesses have reasonably modest expectations, Carmen Ruest, one of the original Cirque pioneers and now the company's director of creation, has been known to say, "The word *impossible* does not exist here."

Guy Laliberté created the ONE DROP Foundation in 2007 to fight global poverty by providing sustainable access to safe water. The ideals of the foundation reflect the values that have always been at the heart of Cirque du Soleil: the belief that life gives back what you have given and even the smallest gesture will make a difference. When Guy Laliberté became the first Canadian private space explorer, he dedicated his mission to raising awareness of water issues on Earth. As part of the first Poetic Social Mission in space, Laliberté hosted *Moving Stars and Earth for Water* from the International Space Station, a web-cast concert featuring various artistic performances unfolding in 14 cities around the world.

NASA Images

This text is about the important managerial work that managers do. The reality facing today's managers—and that might include you in the near future—is that the world is changing. In workplaces of all types—offices, retail stores, restaurants, factories, and the like—managers deal with changing expectations and new ways of managing employees and organizing work.

In this chapter, we explain why managers are important to organizations, who managers are, where they work, and what managers do. Finally, we wrap up the chapter by looking at the factors redefining the manager's job and discussing why it's important to study management.

Who Are Managers and Why Are They Important?

1 Explain why managers are important to an organization.

". . . A great boss can change your life, inspiring you to new heights both professionally and personally, and energizing you and your team to together overcome new challenges bigger than any one of you could tackle alone."[2] If you've worked with a manager like this, consider yourself lucky. Such a manager can make a job a lot more enjoyable and productive. However, even managers who don't live up to such lofty ideals and expectations are important to organizations. Let's look at three reasons why.

The first reason managers are important is because organizations need their managerial skills and abilities more than ever in uncertain, complex, and chaotic times. As organizations deal with today's challenges—the worldwide economic climate, changing technology, ever-increasing globalization, and so forth—managers play an important role in identifying critical issues and crafting responses. For example, John Zapp, general manager of several car dealerships in Oklahoma City, struggled to keep his businesses afloat and profitable in the difficult economic environment, just as many other car dealers did. However, after four decades in the car business, Zapp understands that he's the one calling the shots and his "call" was to focus on selling more used cars. How? By keeping inventory moving and by keeping his salespeople engaged through small cash payment rewards for hitting sales goals. His skills and abilities as a manager have been crucial in guiding his organization.

Secondly, *managers do matter* to organizations! 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 isn't pay or benefits or workplace environment—it's the quality of the relationship between employees and their direct supervisors.[3] In addition, a KPMG/Ipsos Reid study of Canadian companies found that those that made the top 10 list for great human resource practices also scored high on financial performance and investment value. Six of the "Most Respected Corporations for Human Resources Management" placed in the top 10 on both financial measures, and nine scored in the top 10 of at least one of the financial measures.[4] So, as you can see, managers can and do have an impact—positive and negative. Finally, one more study of organizational performance recently found that managerial ability was important in creating organizational value.[5] Here's what we can conclude from such reports: Managers are important—and they *do* matter!

Finally, Guy Laliberté is a good example of what today's successful managers are like and the skills they must have to deal with the problems and challenges of managing in the twenty-first century. These managers may not be who or what you might expect. They range in age from under 18 to over 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 such nontraditional organizations as political campaigns and consumer cooperatives—in every country on the globe.

Who Is a Manager?

It used to be fairly simple to define who managers were: They 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 it isn't quite so 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] At General Cable Corporation's facility in Moose Jaw, Saskatchewan, for example, managerial responsibilities are shared by managers and team members. Most of the employees 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] Or consider an organization like Morning Star Company, the world's largest tomato processor, where no employees are called managers—just 400 full-time employees who do what needs to be done and who "manage" issues such as job responsibilities, compensation decisions, and budget decisions.[8] Sounds crazy, doesn't it? But it works—for this organization.

Today, 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's about helping *others* do their work and achieve. That may mean coordinating the work of a departmental group, or it might mean supervising a single person. It could involve coordinating the work activities of a team composed of people from several different departments or even people outside the organization, such as temporary employees or employees who work for the organization's suppliers. Keep in mind, also, that managers may have other work duties not related to coordinating and integrating the work of others. For example, an insurance claims supervisor may process claims in addition to coordinating the work activities of other claims clerks.

Types of Managers

Is there some way to classify managers in organizations? In traditionally structured organizations (often pictured as being shaped like a pyramid where the number of employees is greater at the bottom than at the top), managers are often described as first-line, middle, or top (see Exhibit 1-1). Identifying exactly who the managers are in these organizations isn't difficult, although they may have a variety of titles. **First-line 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, office managers, or even foremen. **Middle 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 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, Guy Laliberté is the founder and driving creative force of Cirque du

manager Someone who coordinates and oversees the work of other people so organizational goals can be accomplished

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

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

top 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.

Managerial Levels
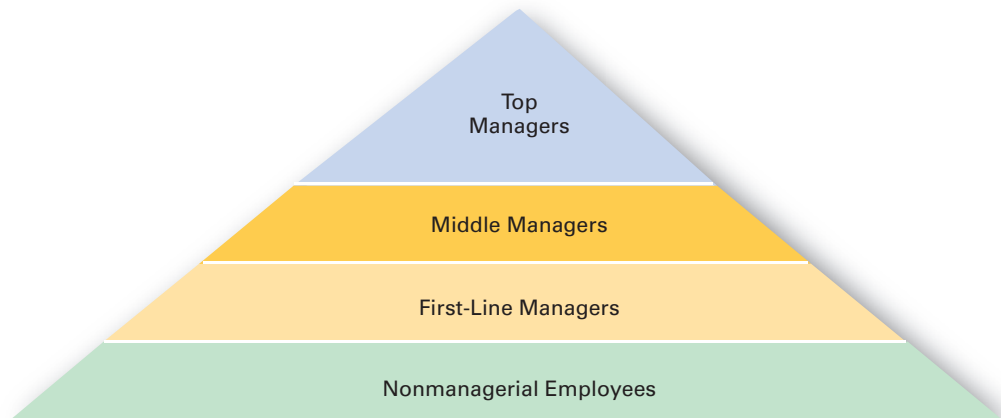
Soleil. He is involved in creating and implementing broad and comprehensive changes that affect the entire organization.

Not all organizations get work done using this traditional pyramidal form, however. Some organizations 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's not as easy to tell who the managers are in these organizations, we do know that someone must fulfill that role—that is, there must be someone who works with and through other people by coordinating their work to accomplish organizational goals. This holds true even if that "someone" changes as work tasks or projects change or that "someone" doesn't necessarily have the title of manager.

What Is Management and What Do Managers Do?

2 Tell who managers are and where they work.

▶ ▶ ▶ Managers plan, lead, organize, and control, and Daniel Lamarre, as chief executive officer of Cirque du Soleil, certainly carries out all these tasks. He has to coordinate the work activities of the entire company efficiently and effectively. But just as important to Lamarre is the creative side of Cirque—in fact, he sees his mission as finding work for artists. With operations in 40 countries, it might be tempting for Lamarre to try to arrive at consensus on issues, but at Cirque it is all about the power of the idea. Lamarre feels that the best ideas are lost if everyone has to compromise. So although it can be uncomfortable for some, debating ideas has become embedded in the company culture. "That is what we do," says Lamarre, "we are debating all of the time."[10]

Think About It

As a manager, Daniel Lamarre needs to plan, lead, organize, and control, and he needs to be efficient and effective. How might Lamarre balance the needs of efficiency and effectiveness with the creative and artistic mandate of his role as CEO of Cirque du Soleil? 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? A more thorough explanation is that **management** is coordinating work activities with and through other people so that the activities are completed *efficiently* and *effectively*. Management researchers have developed three specific categorization schemes to describe what managers do: functions, roles, and skills. In this section, we consider the challenges of balancing efficiency and effectiveness, and then examine the approaches that look at what managers do. In reviewing these categorizations, 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."[11] 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.

It's not enough just to be efficient, however. Management is also concerned with 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. For instance, hospitals may try to be efficient by reducing the number of days that patients stay in hospital. This may not be effective, however, if patients get sick at home shortly after being released from hospital.

Whereas efficiency is concerned with the means of getting things done, effectiveness is concerned with the ends, or attainment of organizational goals (see Exhibit 1-2). Management is concerned, then, not only with getting activities completed and meeting 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 despite 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, a French industrialist named Henri Fayol first proposed that all managers perform five functions: planning, organizing, commanding, coordinating, and controlling.[12] Today, most management textbooks

management Coordinating work activities with and through other people so the activities are completed efficiently and effectively.

◄-◉-Simulate on **MyManagementLab**

Improving a Business

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."

Exhibit 1-2

Efficiency and Effectiveness in Management

Efficiency (Means)

Resource Usage

Low Waste

Effectiveness (Ends)

Goal Attainment

High Attainment

Management Strives for:
Low Resource Waste (high efficiency)
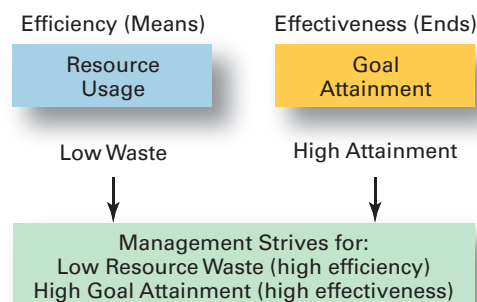High Goal Attainment (high effectiveness)

Exhibit 1-3

Management Functions

Planning	Organizing	Leading	Controlling	
Defining goals, establishing strategy, and developing subplans to coordinate activities	Determining what needs to be done, how it will be done, and who is to do it	Directing and motivating all involved parties and resolving conflicts	Monitoring activities to ensure that they are accomplished as planned	*Lead to* → Achieving the organization's stated purpose

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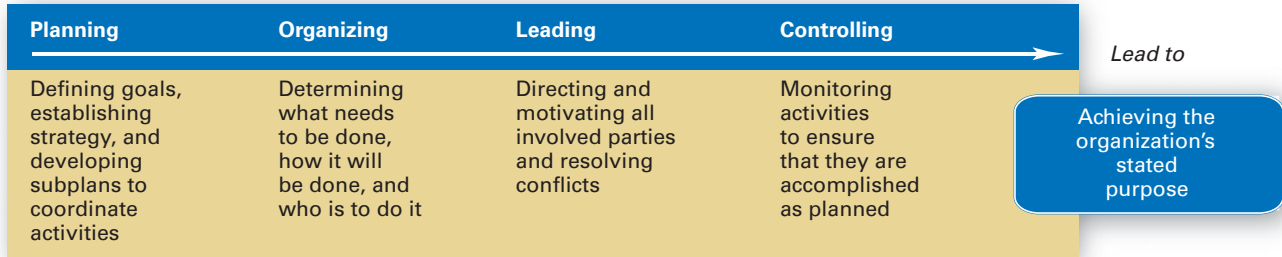
management functions Planning, organizing, leading, and controlling.

(including this one) are organized around the **management functions**: planning, organizing, leading, and controlling (see Exhibit 1-3). 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's 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 some place 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 can be done by the CEO and senior management team for the overall organization. Middle-level managers often have a planning role within their units. First-line managers have a more limited role in the planning process, but may need to use planning to adequately schedule work and employees. Planning, by the way, is not just for managers. For instance, as a student, you need to plan for exams and your financial needs.

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

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.

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

Every organization includes people, and a manager's job is to work with and through people to accomplish organizational goals. This is the **leading** function. When managers motivate subordinates, direct the work of individuals or teams, select the most effective communication channel, or resolve employee behaviour issues, they are leading. Knowing how to manage and lead effectively is an important, and sometimes difficult, skill as 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.

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

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 going as it should, managers must monitor and evaluate the performance of employees, technology, and systems. Actual performance must be compared with the previously set goals. If performance of individuals or units does not match the goals set, it's management's job to get performance back on track. This process of monitoring, comparing, and correcting is what we mean by the controlling function. Students, whether working in groups or alone, also face the responsibility of controlling; that is, they 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 reality, what a manager does may not always happen in this logical and sequential order. But that does not negate the importance of the basic functions that managers perform. Regardless of the order in which the functions are performed, the fact is that managers do plan, organize, lead, and control as they manage.

The continued popularity of the functions approach to describe what managers do is a tribute to its clarity and simplicity. But some have argued that this approach isn't appropriate or relevant.[13] So let's look at another perspective.

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

Management Roles

Henry Mintzberg, a prominent management researcher at McGill University in Montreal, studied actual managers at work. He says that what managers do can best be described 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** refers to specific categories of managerial behaviour. (Think of the different roles you play and the different behaviours you are expected to perform in these roles as a student, a sibling, an employee, a volunteer, and so forth.) As shown in Exhibit 1-4, Mintzberg's 10 management roles are grouped around interpersonal relationships, the transfer of information, and decision making. Note that, since first proposed in 1973, email and social media have enriched the way in which communication takes place.

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 being a figurehead, leader, and liaison. The **informational roles** 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.

A number of follow-up studies have tested the validity of Mintzberg's role categories among different types of organizations and at different levels within given organizations.[15] The evidence generally supports the idea that managers—regardless of the type of organization or level in the organization—perform similar roles. However, the emphasis that managers give to the various roles seems to change with their organizational level.[16] Specifically, the roles of disseminator, figurehead, negotiator, liaison, and spokesperson are more important at the higher levels of the organization, while the leader role (as Mintzberg defined it) is more important for lower-level managers than it is for either middle- or top-level managers.

> **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.

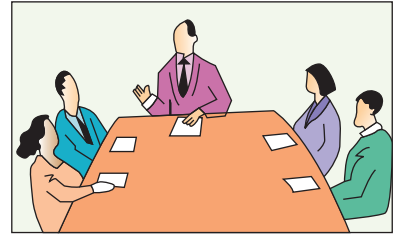> **decisional roles** Management roles that involve making significant choices that affect the organization.

Functions vs. Roles

So which approach to describing what managers do is better—functions or roles? Each has merit. However, the functions approach still represents the most useful way of conceptualizing the manager's job. "The classical functions provide clear and discrete methods of

Exhibit 1-4

Mintzberg's Management Roles

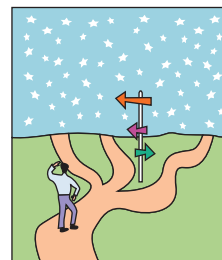**Interpersonal Roles**

- Figurehead
- Leader
- Liaison

Informational Roles

- Monitor
- Disseminator
- Spokesperson

Decisional Roles

- Entrepreneur
- Disturbance handler
- Resource allocator
- Negotiator

classifying the thousands of activities that managers carry out and the techniques they use in terms of the functions they perform for the achievement of goals."[17] Many of Mintzberg's roles align well with one or more of the functions. For instance, 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 difference can be explained by the fact that all managers do some work that isn't purely managerial.[18]

Management Skills

Dell Inc. is one company that understands the importance of management skills.[19] It started an intensive five-day offsite skills-training program for first-line managers augmented by online tools from Harvard as well as in-house tools such as MentorConnect, as a way to improve its operations. One of Dell's directors of learning and development thought this was the best way to develop "leaders who can build that strong relationship with their front-line employees." What did the supervisors learn from the skills training? Some things they mentioned were how to communicate more effectively and how to refrain from jumping to conclusions when discussing a problem with a worker.

Managers need certain skills to perform the duties and activities associated with being a manager. What types of skills does a manager need? Research by Robert L. Katz found that managers needed three essential skills: technical skills, human skills, and conceptual skills.[20]

Technical skills include knowledge of and expertise in a certain specialized field, such as engineering, computers, accounting, or manufacturing. These skills are more important

technical skills Knowledge of and expertise in a specialized field.

Exhibit 1-5

Skills Needed at Different Management Levels

Top Managers

Middle Managers

Lower-Level Managers

Conceptual Skills

Human Skills

Technical Skills

Importance
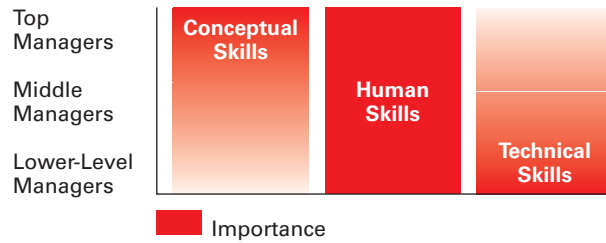
at lower levels of management since these managers are dealing directly with employees doing the organization's work.

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 for managers at all levels! Managers with good human skills are able to get the best out of their people. They know how to communicate, motivate, lead, and inspire enthusiasm and trust. These skills are equally important at all levels of management. Management professor Jin Nam Choi, of McGill University, reports that research shows that 40 percent of managers either leave or stop performing within 18 months of starting at an organization "because they have failed to develop relationships with bosses, colleagues or subordinates."[21] Choi's comment underscores the importance of developing human skills.

Finally, **conceptual skills** involve 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 management levels.

Exhibit 1-5 shows the relationship of the three skills to each level of management. Note that the three skills are important to more than one function. Additionally, in very flat organizations with little hierarchy, human, technical, and conceptual skills would be needed throughout the organization.

As you study the management functions in more depth, the skills exercises found at the end of most chapters will give you the opportunity to practise some of the key skills that are part of doing what a manager does. We feel that understanding and developing management skills is so important that we've included a skills feature in MyManagementLab. There, you'll find material on skill building as well as several interactive skills exercises. As you study the four management functions throughout the rest of the book, you'll be able to practise some key management skills. Although a simple skill-building exercise won't make you an instant expert, it can provide an introductory understanding of some of the skills you'll need to master in order to be an effective manager.

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.

What Is an Organization?

▶ ▶ ▶ Cirque du Soleil has grown from 73 employees in 1984 to more than 5000 employees worldwide with almost 2000 working at the international headquarters in Montreal. Today there are more than 1000 different occupations at Cirque du Soleil! In the process of expanding the reach of the company internationally, Cirque has dealt with many different kinds of organizations including government, quasi-government, large corporations, and independent contractors. Cirque has also established a number of charitable initiatives that required the formation of independent foundations as well as soliciting support from other foundations.

③ Describe the characteristics of an organization.