**Chapter 1:**

**INTRODUCING MANAGEMENT**

# CHAPTER 1 LEARNING OBJECTIVES

1.1 Describe the current workplace environment in Canada.

1.2 Identify the characteristics of an organization.

1.3 Describe the dynamic forces that make up the general environment, who are the important organizational stakeholders, and what competitive advantage encompasses.

1.4 Identify who managers are and explain what they do.

1.5 Describe the management process and how managerial skills and competencies are learned.

## CHAPTER 1 STUDY REVIEW

After studying this chapter, students should be able to:

* Describe how intellectual capital, ethics, diversity, globalization, technology, and the changing nature of careers influence working in the new economy.
* Define intellectual capital, workforce diversity, and globalization.
* Explain how prejudice, discrimination, and the glass ceiling effect can hurt people at work.
* Describe how organizations operate as open systems.
* Explain productivity as a measure of organizational performance.
* Distinguish between performance effectiveness and performance efficiency.
* List several ways in which organizations are changing today.
* List key elements in the general and specific environments of organizations.
* Define sustainable business and sustainable innovation.
* Describe how a business can create value for four key stakeholders.
* Define competitive advantage and give examples of how a business might achieve it.
* Analyze the uncertainty of an organization’s external environment.
* Describe the systems resource, internal process, goal, and strategic constituencies approaches to organizational effectiveness.
* Describe the various types and levels of managers.
* Define accountability and quality of work life, and explain their importance to managerial performance.
* Discuss how managerial work is changing today.
* Explain the role of managers in the upside-down pyramid view of organizations.
* Define and give examples of each of the management functions—planning, organizing, leading, and controlling.
* Explain Mintzberg’s view of what managers do, including the 10 key managerial roles.
* Explain Kotter’s points on how managers use agendas and networks to fulfill their work responsibilities.
* Define three essential managerial skills—technical, human, and conceptual skills.
* Explain Katz’s view of how these skills vary in importance across management levels.
* Define emotional intelligence as an important human skill.
* List and give examples of personal characteristics important for managerial success.

##### CHAPTER 1 OVERVIEW

Work in the new economy is increasingly knowledge based, and people, with their capacity to bring valuable intellectual capital to the workplace, are the ultimate foundation of organizational performance. The chapter begins with a section on understanding the challenges of working today. The world of work is undergoing dynamic and challenging changes that provide great opportunities along with tremendous uncertainty. These changes are due to the impact of important trends regarding worker talent, workforce diversity, globalization, information technology, ethical standards and careers. After setting up this framework for the changing environment in which organizations operate, the chapter goes on to describe organizations as open systems which interact with their environments in the process of transforming resource inputs into finished goods and services as product outputs. Then the external environments of organizations are discussed as well as the relationship between the organization and the external environment and how to make good decisions in response to the opportunities and threats posed by the external environment. Then the chapter describes managers and their work. Manager directly support, supervise, facilitate and help activate the work efforts of other people in organizations. The management process consists of the four functions of planning, organizing, leading, and controlling. Career success in the new economy requires taking full advantage of lifelong learning in all aspects of our daily experience and job opportunities. The chapter concludes with a discussion of the development of managerial competencies.

##### CHAPTER 1 LECTURE OUTLINE

**Teaching Objective:** To increase awareness of how a dynamic and changing environment affects organizations, managers, and the management process in the new workplace.

**Suggested Time:** Two to three hours of class time is recommended to present this chapter. Attempts to cover the material in less time are discouraged since this introductory chapter serves as a foundation for subsequent topics.

**Learning Objective 1.1: Describe the current workplace environment in Canada.**

**Working Today**

### Talent Diversity

Globalization

Technology

#### Ethics

Careers

### **Learning Objective 1.2: Identify the characteristics of an organization.**

### **Organizations**

What is an organization?

Organizations as systems

Organizational performance

Changing nature of organizations

**Learning Objective 1.3: Describe the dynamic forces that make up the general environment, who are the important organizational stakeholders, and what competitive advantage encompasses.**

### **Organizational Environment**

Dynamic forces and the general environment

Stakeholders and the specific environment

Competitive advantage

Environmental uncertainty

Organizational effectiveness

### **Learning Objective 1.4: Identify who managers are and explain what they do.**

### **Managers in the New Workplace**

What is a manager?

Levels of managers

Types of managers

Managerial performance

Changing nature of managerial work

### **Learning Objective 1.5: Describe the management process and how managerial skills and competencies are learned.**

### **The Management Process**

Functions of management

Managerial roles and activities

Managerial agendas and networks

Essential managerial skills

Developing managerial competencies

Managementlearning model

##### CHAPTER 1 SUPPORTING MATERIALS

**Textbook Inserts**

*Learning From Others*

* Shopify Inc. – Smart people create their own futures

*Learning About Yourself*

* Self-Awareness

*Figures*

* Figure 1.1: The Shamrock organization
* Figure 1.2: Organization as open systems
* Figure 1.3: Productivity and the dimensions of organizational performance
* Figure 1.4: Sample general environment conditions faced by firms like Starbucks.
* Figure 1.5: Multiple shareholders in the specific of task environment of a typical business firm
* Figure 1.6: Dimensions of uncertainty in the external environments of organizations
* Figure 1.7: Approaches to organizational effectiveness
* Figure 1.8: Management levels in typical business and non-profit organizations
* Figure 1.9: The organization viewed as an upside-down pyramid
* Figure 1.10: Four functions of management
* Figure 1.11: Mintzberg’s 10 managerial roles
* Figure 1.12: Katz’s essential managerial skills

*Thematic Boxes*

* Real Ethics: Access to Coke’s Secret Formula Is a Tantalizer
* Management Smarts 1.1: Early Career Survival Skills
* Management Smarts 1.2: Advice for front-line managers
* Research Brief: Worldwide Study Identifies Success Factors in Global Leadership

*Applications*

* Self-Test
* Self-Assessment
* Team Exercise: My Best Manager
* Career Situations for New Managers: What Would You Do?
* Case Study: Vancity: On Top of Its Game

##### CHAPTER 1 LECTURE NOTES

***LEARNING FROM OTHERS***discusses how Shopify Inc., an e-commerce platform started and grew and how the founders plan to keep growing the business and keep pace with changing times.

***LEARNING ABOUT YOURSELF*** discusses self-awareness and how it affects one’s ability to learn, grow, and develop. Utilizing the Johari Window, get students to reflect on how each quadrant can help or hinder self-awareness.

**LEARNING OBJECTIVE 1.1 DESCRIBE THE CURRENT WORKPLACE ENVIRONMENT IN CANADA.**

**WORKING TODAY**

TALENT

People –– what they know, what they learn, and what they do with it –– are the ultimate foundations of organizational performance.

People represent **intellectual capital,** whichis the collective brainpower or shared knowledge of a workforce that is used to create value.

A **knowledge worker** is someone whose mind is a critical asset to employers and who adds to the intellectual capital of the organization.

DIVERSITY

**Workforce diversity** describes the composition of the workforce in terms of differences among members. Today’s increasingly diverse and multicultural workforce should be an asset that, if tapped, creates opportunities for performance gains.

Unfortunately, positive diversity messages do not always reflect work realities due to prejudice, discrimination, and the glass ceiling effect.

* **Prejudice** is the display of negative, irrational attitudes toward members of diverse populations.
* **Discrimination** actively denies minority members the full benefits of organizational membership.
* The **glass ceiling effect** is an invisible barrier or “ceiling” that prevents women and minorities from rising above a certain level of organizational responsibility.

GLOBALIZATION

The national boundaries of world business have largely disappeared due in part to **globalization,** whichis the worldwide interdependence of resource flows, product markets, and business competition that characterizes the new economy. As such, countries and peoples are now interconnected through news, travel, lifestyles, employment, and financial and business dealings.

TECHNOLOGY

The world is driven by technology. As the pace and complexities of technological change continues to accelerate, we have to keep up. We hold meetings in virtual space, eliminating physical distances. Work is done from home or anywhere we might be. Demand for knowledge workers with the skills to best utilize technology is increasing; computer literacy must mastered and continuously updated as a foundation for career success.

ETHICS

**Ethics** set moral standards of what is “good” and “right” in the conduct of a person or group.

While a rash of business ethics failures is attributed to the lack of active oversight of management decisions and company actions by boards of directors, today, managers are being held accountable for ethical and socially responsible behaviour by the businesses they are hired to lead.

*REAL ETHICS* describes the temptation of access to Coke’s secret formula. Students can discuss the ethical behaviour of all the groups involved.

CAREERS

College students who are looking for their first full-time job in a tight economy will find the task challenging. To improve one’s chances, however, internships are often the pathway to success.

British scholar Charles Handy uses the Irish shamrock to describe the career implications for employees in today’s dynamic environment. Each leaf of the shamrock has a different career implication. Workers must be prepared to prosper in any of the shamrock’s three leaves.

1. One leaf contains core workers –– full-time employees who pursue career paths with a traditional character. With success and the maintenance of critical skills, core employees can advance within the organization and remain employed for a long time.
2. A second leaf contains contract workers who perform specific tasks as needed by the organization and are compensated on a contract or fee-for-services basis rather than by a continuing wage or salary.
3. The third leaf contains part-time workers who are hired only as needed and for only the number of hours needed.

Handy advises people to maintain a portfolio of skills that are always up-to-date and valuable to potential employers.

***DISCUSSION TOPIC***

Conduct a brainstorming session with students to identify recent examples of each of the preceding characteristics of 21st century work environments (*i.e.*, talent, diversity, globalization, technology, ethics, and careers). After generating a sufficient number of examples, focus class discussion on the implications of these examples for managerial activities.

**LEARNING OBJECTIVE 1.2: IDENTIFY THE CHARACTERISTICS OF AN ORGANIZATION.**

**ORGANIZATIONS**

***MANAGEMENT SMARTS*** 1.1 in the Organizations of the New Workplace section of the text describes critical skills for the new workplace:

* Mastery: You need be good at something; you need to be able to contribute something of value to your employer.
* Networking: You need to know people; links with peers and others within and outside the organization are essential to get things done.
* Entrepreneurship: You must act as if you are running your own business, spotting ideas and opportunities and stepping out to embrace them.
* Love of technology: You have to embrace technology; you don’t have to be a technician, but you must be willing and able to fully utilize information technology.
* Marketing: You need to be able to communicate your successes and progress, both yours personally and those of your work group.
* Passion for renewal: You need to be continuously learning and changing, always updating yourself to best meet future demands.

WHAT IS AN ORGANIZATION?

An **organization** is a collection of people working together to achieve a common purpose.

From society’s viewpoint, the purpose of any organization is to provide useful goods and/or services that return value to society and satisfy customer needs in order to justify continued existence.

ORGANIZATIONS AS SYSTEMS

Organizations are systems composed of interrelated parts that function together to achieve a common purpose.

Organizations are **open systems** that interact with their environments in the continual process of transforming resource inputs into product outputs in the form of finished goods and/or services.

***Figure 1.2***illustrates organizations as open systems.

The external environment is a critical element of the open systems view of organizations because it is both a supplier of resources and the source of customers, and has a significant impact on the organization’s operations and outcomes. Feedback from the environment tells an organization how well it is doing in meeting the needs of customers and society.

ORGANIZATIONAL PERFORMANCE

For an organization to perform well, its resources must be well utilized and its customers must be well served. This is a process of *value creation*. If operations add value to the original cost of resource inputs, then:

1. a business organization can earn a profit—that is, sell a product for more than the cost of making it
2. a nonprofit organization can add wealth to society—that is, provide a public service that is worth more than its cost (e.g., fire protection in a community)

A common way to describe how well an organization is performing overall is productivity. **Productivity** is a summary measure of the quantity and quality of work performance with resource utilization taken into account.

**Performance effectiveness** is an output measure of task or goal accomplishment.

**Performance efficiency** isan input measure of the resource costs associated with goal accomplishment.

***Figure 1.3*** illustrates productivity and the dimensions of organizational performance

CHANGING NATURE OF ORGANIZATIONS

Among recent trends in changes in organizations, the following organizational transitions are especially relevant to your study of management:

* Priorities on sustainability
* Valuing human capital
* Demise of “command-and-control”
* Emphasis on teamwork
* Pre-eminence of technology
* Importance of networking
* New workforce expectations
* Focus on speed

**LEARNING OBJECTIVE 1.3: DESCRIBE THE DYNAMIC FORCES THAT MAKE UP THE GENERAL ENVIRONMENT, WHO ARE THE IMPORTANT ORGANIZATIONAL STAKEHOLDERS, AND WHAT COMPETITIVE ADVANTAGE ENCOMPASSES.**

**ORGANIZATIONAL ENVIRONMENT**

DYNAMIC FORCES AND THE GENERAL ENVIRONMENT

The **general environment** consists of all the background conditions in the external environment of an organization.

**Economic Conditions**

The economic conditions of the general environment details the health of the economy in terms of inflation, income levels, gross domestic product, unemployment, and job out-look.

**Legal-Political Conditions**

By staying abreast of the legal-political conditions of the general environment, managers are aware of the prevailing philosophy and objectives of the political party or parties running the government, as well as laws and government regulations.

**Internet censorship** is the deliberate blockage and denial of public access to information posted on the Internet.

**Technological Conditions**

With the development and availability of new technologies in the general environment, managers need to constantly monitor how these advances affect the work being done by employees.

**Socio-Cultural Conditions**

Changes in the norms, customs, and social values on such matters as human rights, ethics, gender roles, and life styles, along with environmental trends in education and related social institutions, as well as demographic patterns all will affect how organizations are managed.

**Natural Environment Conditions**

With organizations “going green,” how a firm becomes a **sustainable business** that meets the needs of its customers while advancing the well-being of the natural environment is a management concern. The public will judge a business on how it operates to protect and preserve this natural environment. **Sustainable innovation** involve the creation of new products and production methods that have lower environmental impacts than the available alternatives. Sustainable innovations are found in areas like energy use, water use, packaging, waste management and transportation practices, as well as in product development.

Using Starbucks as an example, ***Figure 1.4*** shows of the impact of the general environment on a firm.

***DISCUSSION TOPIC***

Have the students identify the background environmental conditions that are affecting organizations in general at the present point in time. Place emphasis on how these conditions are likely to affect businesses in the short term and the long term.

STAKEHOLDERS AND THE SPECIFIC ENVIRONMENT

The **specific environment,** or task environment, consists of all the actual organizations, groups, and persons with whom an organization interacts and conducts business.

The specific environment is often described in terms of **stakeholders** — the persons, groups, and institutions who are affected by the organization’s performance.

Important stakeholders include customers, suppliers, competitors, regulators, and investors/owners.

***Figure 1.5*** shows the multiple stakeholders of a typical business firm and the influence they have in focusing management attention on **value creation** ⎯ the extent to which the organization is creating value for and satisfying the needs of important constituencies.

COMPETITIVE ADVANTAGE

**Competitive advantage** refers to a core competency that clearly sets an organization apart from competitors and gives it an advantage over them in the marketplace.

Competitive advantage may be achieved through

* Cost – operating with lower costs than one’s competitors and thus earning profits with prices that competitors have difficulty matching.
* Quality – creating products and services that are demonstrably and consistently higher quality for customers than what is being offered by the competition.
* Delivery – outperforming competitors by delivering products and services to customers faster and on-time, while continuing to develop timely new products.
* Flexibility – adjusting and tailoring products and services to fit customer needs in ways that are difficult for competitors to match.

**Strategic positioning** occurs when an organization does different things or the same things in different ways from its major competitors.

***DISCUSSION TOPIC***

Ask the students to identify companies with which they are familiar, and then have them describe what they perceive to be the competitive advantage of each of these companies.

ENVIRONMENTAL UNCERTAINTY

**Environmental uncertainty** means that there is a lack of complete information regarding what exists and what developments may occur in the external environment. This makes it difficult to analyze constituencies and their needs, and to predict future states of affairs and to understand their potential implications for the organization.

In general, when environmental uncertainty increases, management must direct more attention to the external environment, and there is an increased need for flexible and adaptable organizational designs and work practices.

***Figure 1.6*** from the text shows the dimensions of uncertainty in the external environment of organizations.

ORGANIZATIONAL EFFECTIVENESS

**Organizational effectiveness** is sustainable high performance in using resources to accomplish mission and objectives. Theorists view organizational effectiveness from four different approaches:

* Systems – looks at the input side and defines organizational effectiveness in terms of success in acquiring needed resources from the organization’s environment.
* Internal Process – looks at the transformation process and defines organizational effectiveness in terms of how efficiently resources are used to produce goods or services.
* Goal Approach – looks at the output side and defines organizational effectiveness in terms of how to measure achievement of key operating objectives.
* Strategic Constituencies – looks at the external environment and defines organizational effectiveness in terms of the organization’s impact on key stakeholders and their interests.

**LEARNING OBJECTIVE 1.4: IDENTIFY WHO MANAGERS ARE AND EXPLAIN WHAT THEY DO.**

**MANAGERS IN THE NEW WORKPLACE**

WHAT IS A MANAGER?

A **manager** is a person in an organization who directly supports and helps activate the work efforts and performance accomplishments of others.

The people who are supported and helped by managers are usually called direct reports, team members, work associates or subordinates. These people are the essential human resources whose tasks represent the real work of the organization.

LEVELS OF MANAGERS

**Top managers** are responsible for the performance of an organization as a whole or for one of its larger parts.

1. Common job titles for top managers are chief executive officer (CEO), president, and vice-president.
2. Top managers scan the environment, create and communicate long-term vision, and ensure that strategies and performance objectives are consistent with the organization’s purpose and mission.

**Middle managers** are in charge of relatively large departments or divisions consisting of several smaller work units.

1. Common job titles for middle managers are clinic directors in hospitals; deans in universities; and division managers, plant managers, and branch sales managers in businesses.
2. Middle managers work with top managers and coordinate with peers to develop and implement action plans to accomplish organizational objectives.

A **team leader** or supervisoris someone in charge of a small work group composed of non-managerial workers. Though job titles for these managerial positions vary greatly, some of the more common ones are department head, group leader, and unit manager.

***Figure 1.8*** from the text shows the management levels in a typical business and non profit organizations.

###### ***DISCUSSION TOPIC***

To illustrate the differences among different levels management, ask students to identify people they know who have been or are now managers. Have these students describe the nature of the work done by the managers they know. Then have the students analyze these descriptions and classify them according to top managers, middle managers, and team leaders and supervisors.

***MANAGEMENT SMARTS 1.2*** in the Levels of Managers section of the text lists the nine responsibilities of team leaders:

1. Plan meetings and work schedules.

2. Clarify goals and tasks, and gather ideas for improvement.

3. Appraise performance and counsel team members.

4. Recommend pay increases and new assignments.

5. Recruit, train, and develop team members.

6. Encourage high performance and teamwork.

7. Inform team members about organizational goals.

8. Inform higher levels of team needs and accomplishments.

9. Coordinate activities with other teams.

TYPES OF MANAGERS

In addition to serving at different levels of authority, managers work in different capacities within organizations.

* **Line managers** are responsible for work that makes a direct contribution to the organization’s outputs.
* **Staff managers** use special technical expertise to advise and support the efforts of line workers.
* **Functional managers** have responsibility for a single area of activity, such as finance, marketing, production, human resources, accounting, or sales.   
  **General Managers** are responsible for activities covering many functional areas.
* **Administrators** are managers who work in public or nonprofit organizations.

***DISCUSSION TOPIC***

Ask the students if they have had any experience as team leaders or supervisors. After having those with such experience describe their jobs, relate the job components to the list of performance responsibilities of team leaders and supervisors that is presented in *MANAGEMENT SMARTS 1.2*. Compare the students’ responses to the items on this list.

MANAGERIAL PERFORMANCE

All managers help others, working individually and in groups, to achieve productivity while using their talents to accomplish organizational goals.

**Accountability** is the requirement to show performance results to a supervisor.

**Quality of work life** is the overall quality of human experiences in the workplace.

A high quality of work life is one that offers the individual worker such things as:

* Fair pay.
* Safe working conditions.
* Opportunities to learn and use new skills.
* Room to grow and progress in a career.
* Protection of individual rights.
* Pride in the work itself and in the organization.

All managers should try to be **effective managers**, by helping others achieve high performance outcomes while maintaining a high quality of work life environment.

CHANGING NATURE OF MANAGERIAL WORK

Many trends in organizations require new thinking from those who serve as managers. We are in a time when the best managers are known more for “helping” and “supporting” than for “directing” and “order giving.” There is less and less tolerance for managers who simply sit back and tell others what to do.

***Figure 1.9*** illustrates the concept of the “upside-down pyramid.” The operating workers are at the top of the upside-down pyramid, just below the customers and clients they serve. They are supported in their work efforts by managers below them. These managers clearly are not just order-givers; they are there to mobilize and deliver the support others need to do their jobs best and serve customer needs.

**LEARNING OBJECTIVE 1.5: DESCRIBE THE MANAGEMENT PROCESS AND HOW MANAGERIAL SKILLS AND COMPETENCIES ARE LEARNED.**

**THE MANAGEMENT PROCESS**

The ultimate “bottom line” in every manager’s job is to help an organization achieve high performance by best utilizing its human and material resources.

FUNCTIONS OF MANAGEMENT

***Figure 1.10***illustrates the four functions of management

Management is the process of planning, organizing, leading, and controlling the use of resources to accomplish performance goals.

* **Planning** is the process of setting objectives and determining what should be done to accomplish them.
* **Organizing** is the process of assigning tasks, allocating resources, and coordinating work activities.
* **Leading** is the process of arousing enthusiasm and inspiring efforts to achieve goals.
* **Controlling** is the process of measuring performance and taking action to ensure desired results.

***DISCUSSION TOPIC***

Divide students into discussion groups of five to six members. Have each group select a different campus organization to analyze. Each group should explore how the chosen campus organization exhibit planning, organizing, leading, and controlling.

MANAGERIAL ACTIVITIES AND ROLES

*Figure 1.9* lists the ten different managerial roles that management researcher Henry Mintzberg identified. These managerial roles are organized as indicated below

* Interpersonal roles (i.e., figurehead, leader, and liaison) involve interactions with people inside and outside the work unit.
* Informational roles (i.e., monitor, disseminator, and spokesperson) involve giving, receiving, and analyzing information.
* Decisional roles (i.e., entrepreneur, disturbance handler, resource allocator, and negotiator) involve using information to make decisions in order to solve problems or address opportunities.

There is no doubt that managerial work is a busy, demanding, and stressful type of work.

A summary of research on the nature of managerial work finds the following about managerial work:

* Managers work long hours.
* Managers work at an intense pace.
* Managers work at fragmented and varied tasks.
* Managers work with many communication media.
* Managers accomplish their work largely through interpersonal relationships.

*RESEARCH BRIEF* describes a worldwide study that identifies success factors in global leadership.

***DISCUSSION TOPIC***

Have students draw on their work, educational, athletic team, or other extracurricular experiences to identify examples of how people in managerial and leadership positions enact the various interpersonal, informational, and decisional roles.

MANAGERIAL AGENDAS AND NETWORKS

According to management scholar John Kotter, there are two basic challenges that effective managers must master:

1. **Agenda setting** involves managers’ development of action priorities for their jobs; these action priorities include goals and plans spanning long and short time frames.
2. **Networking** is the process of building and maintaining positive relationships with people whose help may be needed to implement one’s work agendas, creating **social** **capital** – a capacity to attract support and help form others in order to get things done.

ESSENTIAL MANAGERIAL SKILLS

**Learning** is a change in behaviour that results from experience.

Workers everywhere are expected to become involved, participate fully, demonstrate creativity, and find self-fulfillment in their work. These expectations place a premium on **lifelong learning**, which is the process of continuously learning from our daily experiences and opportunities.

A **skill** is the ability to translate knowledge into action that results in desired performance.

A **technical skill** is the ability to use expertise to perform a task with proficiency.

A **human skill** is the ability to work well in cooperation with other people.

**Emotional intelligence** is the ability to manage ourselves and our relationships effectively.

A **conceptual skill** is the ability to think analytically and solve complex problems.

***DISCUSSION TOPIC***

Have students discuss the roles that technical skills, human skills, and conceptual skills play in their professors’ performance of their jobs. Then have the students think of their own educational pursuits as a job. What roles do technical skills, human skills, and conceptual skills play in the students’ performance of their jobs?

***Figure* *1.12*** describes Katz’s essential managerial skills.

DEVELOPING MANAGERIAL COMPETENCIES

A **managerial competency** is a skill-based capability that contributes to high performance in a management job.

Competencies are implicit in:

* The planning, organizing, leading, and controlling functions of management.
* The demands of the informational, interpersonal, and decisional managerial roles
* Agenda setting and networking.

The key personal characteristics for managerial success are:

* Communication –– ability to share ideas and findings clearly in written and oral expression.
* Teamwork –– ability to work effectively as a team member and team leader.
* Self-management –– ability to evaluate oneself, modify behaviour, and meet performance obligations.
* Leadership –– ability to influence and support others to perform complex and sometimes ambiguous tasks.
* Critical thinking –– ability to gather and analyze information for creative problem solving.
* Professionalism –– ability to sustain a positive impression, instill confidence, and maintain career advancement.

***DISCUSSION TOPIC***

Using the above list of personal characteristics for managerial success, have each student assess the extent to which s/he possesses each characteristic. Divide the students into groups of four or five to share their results and to discuss how they might address the competencies they need to develop.

MANAGEMENT LEARNING MODEL

The learning model presented includes: 1) experience and self-assessment; 2) inquiry and reflection, and 3) analysis and application. It essentially reflects the approach and format of the textbook.

##### CHAPTER 1 SUMMARY OF LEARNING OBJECTIVES

**Learning Objective 1.1: Describe the current workplace environment in Canada.**

* Work in the new economy is increasingly knowledge based, and people, with their capacity to bring valuable intellectual capital to the workplace, are the ultimate foundation of organizational performance.
* Organizations must value the talents and capabilities of a workforce whose members are increasingly diverse with respect to gender, age, race and ethnicity, able-bodiedness, and lifestyles.
* The forces of globalization are bringing increased interdependencies among nations and economies, as customer markets and resource flows create intense business competition.
* Ever-present developments in information technology are reshaping organizations, changing the nature of work, and increasing the value of knowledge workers.
* Society has high expectations for organizations and their members to perform with commitment to high ethical standards and in socially responsible ways.
* Careers in the new economy require great personal initiative to build and maintain skill “portfolios” that are always up-to-date and valuable to employers challenged by the intense competition and the information age.

FOR DISCUSSION: How is globalization creating career challenges for today’s college graduates?

**Learning Objective 1.2: Identify the characteristics of an organization.**

* Organizations are collections of people working together to achieve a common purpose.
* As open systems, organizations interact with their environments in the process of transforming resource inputs into product and service outputs.
* Productivity is a measure of the quantity and quality of work performance, with resource costs taken into account.
* High-performing organizations are both performance effective, in terms of goal accomplishment, and efficient, in terms of resource utilization.

FOR DISCUSSION: Is it ever acceptable to sacrifice performance efficiency for performance effectiveness?

**Learning Objective 1.3: Describe the dynamic forces that make up the general environment, who are the important organizational stakeholders, and what competitive advantage encompasses.**

* The general environment includes background economic, socio-cultural, legal-political, technological, and natural environment conditions.
* The specific environment or task environment consists of suppliers, customers, competitors, regulators, and other groups with which an organization interacts.
* Stakeholders are people and constituents affected by an organization’s performance and for whom it creates value.
* Stakeholder analysis focuses on the extent to which an organization is creating value for each of its many stakeholders.

FOR DISCUSSION: If interests of a firm’s owners/investors conflict with those of the community, which stakeholder gets preference?

**Learning Objective 1.4: Identify who managers are and explain what they do.**

* Managers directly support and facilitate the work efforts of other people in organizations.
* Top managers scan the environment, create vision, and emphasize long-term performance goals; middle managers coordinate activities in large departments or divisions; team leaders and supervisors support performance at the team or work-unit level.
* Functional managers work in specific areas such as finance or marketing; general managers are responsible for larger, multifunctional units; administrators are managers in public or nonprofit organizations.
* Managers are held accountable for performance results that the manager depends on other persons to accomplish.
* The upside-down pyramid view of organizations shows operating workers at the top serving customer needs while being supported from below by various levels of management.
* The changing nature of managerial work emphasizes being good at “coaching” and “supporting” others, rather than simply “directing” and “order giving.”

FOR DISCUSSION: In what ways could we expect the work of a top manager to differ from that of a team leader?

**Learning Objective 1.5: Describe the management process and how managerial skills and competencies are learned.**

* The management process consists of the four functions of planning, organizing, leading, and controlling.
* Planning sets the direction; organizing assembles the human and material resources; leading provides the enthusiasm and direction; controlling ensures results.
* Managers implement the four functions in daily work that can be intense and stressful, involving long hours and continuous performance pressures.
* Managerial success in this demanding context requires the ability to perform well in interpersonal, informational, and decision-making roles.
* Managerial success also requires the ability to utilize interpersonal networks to accomplish well-selected task agendas.
* Careers in the new economy demand continual attention to lifelong learning from all aspects of daily experience and job opportunities.
* Skills considered essential for managers are broadly described as technical—ability to use expertise; human—ability to work well with other people; and conceptual—ability to analyze and solve complex problems.
* Competencies considered as foundations for managerial success include communication, teamwork, self-management, leadership, critical thinking, and professionalism.

FOR DISCUSSION: Among the various skills and competencies for managerial success, which do you consider the most difficult to develop, and why?

**CHAPTER 1 KEY TERMS**

**Accountability**: the requirement of one person to answer to a higher authority for performance results achieved in his or her area of work responsibility.

**Administrators**: a manager who work in public or nonprofit organizations.

**Agenda setting**: develops action priorities for accomplishing goals and plans.

**Competitive advantage**:refers to a core competency that clearly sets an organization apart from competitors and gives it an advantage over them in the marketplace.

**Conceptual skill**: the ability to think critically and analytically to solve complex problems.

**Controlling**: the process of measuring work performance, comparing results to objectives, and taking corrective action as needed.

**Discrimination**: putting members of a population at a disadvantage by treating them unfairly and denying them the full benefits of organizational membership.

**Effective managers**: a manager who helps others achieve high performance and satisfaction in their work.

**Emotional intelligence**: the ability to manage ourselves and our relationships effectively.

**Environmental uncertainty**: the lack of complete information regarding what exists and what developments may occur in the external environment.

**Ethics** : a code of moral principles that sets standards of what is “good” and “right” as opposed to “bad” or “wrong” in the conduct of a person or group.

**Functional managers**: managers who have responsibility for a single area of activity, such as finance, marketing, production, personnel, accounting, or sales.

**General environment**: the economic, socio-cultural, legal-political, technological, and natural environment background conditions in the external environment.

**General Managers**: managers who are responsible for more complex organizational units that include many functional areas.

**Glass ceiling effect**: an invisible barrier or “ceiling” that prevents women and minorities from rising above a certain level of organizational responsibility.

**Globalization**: the worldwide interdependence of resource flows, product markets, and business competition that characterizes the new economy.

**Human skill**: the ability to work well in cooperation with other persons.

**Intellectual capital**: the collective brainpower or shared knowledge of a workforce that can be used to create value.

**Knowledge worker**: someone whose mind is a critical asset to employers and who adds to the intellectual capital of the organization.

**Leading**: the process of arousing peoples’ enthusiasm to work hard and direct their efforts to fulfill plans and accomplish objectives.

**Learning:** a change in behaviour that results from experience.

**Lifelong learning**: the process of continuously learning from our daily experiences and opportunities.

**Line managers**: managers who are responsible for work activities that make a direct contribution to the organization’s outputs.

**Management**: the process of planning, organizing, leading, and controlling the use of resources to accomplish performance goals.

**Manager**: a person in an organization who directly supports and helps activate the work efforts and performance accomplishments of others.

**Managerial competency**: a skill-based capability that contributes to high performance in a management job.

**Middle managers**: managers who are in charge of relatively large departments or divisions consisting of several smaller work units.

**Networking**: the process of building and maintaining positive relationships with people whose help may be needed to implement one’s agenda.

**Open system**: a system that interacts with its environment in the continual process of transforming resource inputs into product outputs in the form of finished goods and/or services.

**Organization**: a collection of people working together to achieve a common purpose.

**Organizational effectiveness**: sustainable high performance in using resources to accomplish mission and objectives.

**Organizing**: the process of assigning tasks, allocating resources, and arranging the coordinated activities of individuals and groups to implement plans.

**Performance effectiveness**: an output measure of task or goal accomplishment.

**Performance efficiency**: an input measure of the resource costs associated with goal accomplishment.

**Planning**: the process of setting objectives and determining what actions should be taken to accomplish them.

**Portfolio worker**: someone who always has the skills needed to readily shift jobs or careers.

**Prejudice**: the holding of negative, irrational opinions and attitudes regarding members of diverse populations.

**Productivity**: measures the quantity and quality of outputs relative to the cost of inputs.

**Quality of work life**: the overall quality of human experiences in the workplace.

**Skill**: the ability to translate knowledge into action that results in desired performance.

**Social capital**: a capacity to get things done with support and help from others.

**Specific environment**: all the actual organizations, groups, and persons with whom an organization interacts and conducts business.

**Staff managers**: managers who use special technical expertise to advise and support the efforts of line workers.

**Stakeholders**: the persons, groups, and institutions directly affected by an organization’s performance.

**Strategic positioning:** occurs when an organization does different things or the same things in different ways from its major competitors.

**Sustainable business**: firms that operate in ways that both meet the needs of customers and protect or advance the well-being of our natural environment. Business is “sustainable” in the sense that it minimizes our impact on the environment and helps preserve it for the benefit of future generations.

**Sustainable innovation**: the creation of new products and production methods that have lower environmental impacts than the available alternatives. Sustainable innovations are found in areas like energy use, water use, packaging, waste management and transportation practices, as well as in product development.

**Team leader**: someone in charge of a small work group composed of non-managerial workers.

**Technical skill**: the ability to use a special proficiency or expertise to perform particular tasks.

**Top managers**: managers who are responsible for the performance of an organization as a whole or for one of its larger parts.

**Upside-down pyramid**: an alternative way of showing operating workers at the top serving customers while managers are at the bottom supporting these workers.

**Value creation**: the extent to which the organization is creating value for and satisfying the needs of important constituencies.

**Workforce diversity**: describes differences among workers in gender, race, age, ethnicity, religion, sexual orientation, and able-bodiedness.

**SUGGESTED TEAM EXERCISE**

An icebreaker or two at the beginning of the semester will help students connect with one another. Here are two icebreakers that will get students talking to each other. The outcome of the exercises is that students will know at least two other people in the class. Hopefully, better acquaintance with one another will lead to more comfort in speaking up about issues important to the learning of the material in class.

* Introduce your group: Have students get into groups of 3 or 4. Ask each student in the group to talk about themselves to the other members of the group for 3 minutes without interruption. The instructor keeps time and calls out when three minutes are up. Then each group allows another member to talk for 3 minutes without interruption. After each member of each group has done so, have the group members introduce one another to the whole class and tell one interesting thing about each person in their group. For example, the first person might stand up and say: My name is Jane. This is Joe and he’s from Montana. This is Judy and she has a poodle named Jake. This is John and he likes to ski. Then the next group member would stand up and say. Hi my name is Joe. This is Jane and she….
* Put students in groups of three and ask them to discover three things that they have in common. These three things should not be too obvious – like all three live in the same town, go to the same school and take the same class. The three things in common could include favourite types of music, a favourite restaurant in town, common vacation spots, having the same birth order, all having older brothers, having played sports in high school, etc. Have the students report to the class the more uncommon things they discovered that they had in common.

**SELF TEST ANSWERS**

1. The process of management involves the functions of planning, \_\_\_\_\_\_\_\_\_ leading, and controlling.

(a) accounting (b) creating (c) innovating (d) \*organizing

2. An effective manager achieves both high-performance results and high levels of \_\_\_\_\_\_\_\_\_ among people doing the required work.

(a) turnover (b) effectiveness (c) \*satisfaction (d) stress

3. Performance efficiency is a measure of the \_\_\_\_\_\_\_\_\_ associated with task accomplishment.

(a) \*resource costs (b) goal specificity (c) product quality (d) product quantity

4. Two dimensions that determine the level of environmental uncertainty are the number of factors in the external environment and the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of these factors.

(a) location (b) \*rate of change (c) importance (d) interdependence

5. Productivity is a measure of the quantity and \_\_\_\_\_\_\_\_\_ of work produced, with resource utilization taken into account.

(a) \*quality (b) cost (c) timeliness (d) value

6. \_\_\_\_\_\_\_\_\_ managers pay special attention to the external environment, looking for problems and opportunities and finding ways to deal with them.

(a) \*Top (b) Middle (c) Lower (d) First-line

7. The accounting manager for a local newspaper would be considered a \_\_\_\_\_\_\_\_\_ manager, whereas the plant manager in a manufacturing firm would be considered a \_\_\_\_\_\_\_\_\_\_ manager.

(a) general, functional (b) middle, top (c) \*staff, line (d) senior, junior

8. When a team leader clarifies desired work targets and deadlines for a work team, he or she is fulfilling the management function of \_\_\_\_\_\_\_\_\_\_.

(a) \*planning (b) delegating (c) controlling (d) supervising

9. The process of building and maintaining good working relationships with others who may help implement a manager’s work agendas is called \_\_\_\_\_\_\_\_\_\_.

(a) governance (b) \*networking (c) authority (d) entrepreneurship

10. In Katz’s framework, top managers tend to rely more on their \_\_\_\_\_\_\_\_\_ skills than do first-line managers.

(a) human (b) \*conceptual (c) decision-making (d) technical

11. The research of Mintzberg and others concludes that managers \_\_\_\_\_\_\_\_\_\_.

(a) work at a leisurely pace (b) have blocks of private time for planning (c) \*always live with the pressures of performance responsibility (d) have the advantages of short workweeks

12. When someone with a negative attitude toward minorities makes a decision to deny advancement opportunities to an Indo-Canadian worker, this is an example of \_\_\_\_\_\_\_\_\_\_.

(a) \*discrimination (b) emotional intelligence (c) control (d) prejudice

13. Among the trends in the new workplace, one can expect to find \_\_\_\_\_\_\_\_\_\_.

(a) more order-giving (b) \*more valuing people as human assets (c) less teamwork (d) reduced concern for work-life balance

14. The manager’s role in the “upside-down pyramid” view of organizations is best described as providing \_\_\_\_\_\_\_\_\_\_ so that operating workers can directly serve \_\_\_\_\_\_\_\_\_.

(a) direction, top management (b) leadership, organizational goals (c) \*support, customers (d) agendas, networking

15. The management function of \_\_\_\_\_\_\_\_\_\_ is being performed when a retail manager measures daily sales in the women’s apparel department and compares them with daily sales targets.

(a) planning (b) agenda setting (c) \*controlling (d) delegating

* 1. Discuss the importance of managerial ethics in the workplace.

*Managers must value people and respect subordinates as mature, responsible, adult human beings. This is part of their ethical and social responsibility as persons to whom others report at work. The work setting should be organized and managed to respect the rights of people and their human dignity. Included among the expectations for ethical behaviour would be actions to protect individual privacy, provide freedom from sexual harassment, and offer safe and healthy job conditions. Failure to do so is socially irresponsible. It may also cause productivity losses due to dissatisfaction and poor work commitments.*

* 1. Explain how “accountability” operates in the relationship between (a) a manager and her subordinates, and (b) the same manager and her boss.

*The manager is held accountable by her boss for performance results of her work unit. The manager must answer to her boss for unit performance. By the same token, the manager’s subordinates must answer to her for their individual performance. They are accountable to her.*

* 1. Explain how the “glass ceiling effect” may disadvantage newly hired African-Canadian college graduates in a large corporation.

*If the glass ceiling effect were to operate in a given situation, it would act as a hidden barrier to advancement beyond a certain level. Managers controlling promotions and advancement opportunities in the firm would not give them to African-Canadian candidates, regardless of their capabilities. Although the newly hired graduates might progress for a while, sooner or later their upward progress in the firm would be halted by this invisible barrier.*

* 1. What is “globalization” and what are its implications for working in the new economy?

*Globalization means that the countries and peoples of the world are increasingly interconnected and that business firms increasingly cross national boundaries in acquiring resources, getting work accomplished, and selling their products. This internationalization of work will affect most everyone in the new economy. People will be working with others from different countries, working in other countries, and certainly buying and using products and services produced in whole or in part in other countries. As countries become more interdependent economically, products are sold and resources purchased around the world, and business strategies increasingly target markets in more than one country.*

* 1. You have just been hired as the new supervisor of an audit team for a national accounting firm. With four years of experience, you feel technically well prepared for the assignment. However, this is your first formal appointment as a “manager.” Things are complicated at the moment. The team has 12 members of diverse demographic and cultural backgrounds, as well as work experience. There is an intense workload and lots of performance pressure. How will this situation challenge you to develop and use essential managerial skills and related competencies to successfully manage the team to high levels of auditing performance?

*One approach to this question is through the framework of essential management skills offered by Katz. At the first level of management, technical skills are important, and I would feel capable in this respect. However, I would expect to learn and refine these skills through my work experiences. Human skills, the ability to work well with other people, will also be very important. Given the diversity anticipated for this team, I will need good human skills. Included here would be my emotional intelligence, or the ability to understand my emotions and those of others when I am interacting with them. I will also have a leadership responsibility to help others on the team develop and utilize these skills so that the team itself can function effectively. Finally, I would expect opportunities to develop my conceptual or analytical skills in anticipation of higher-level appointments. In terms of personal development, I should recognize that the conceptual skills will increase in importance relative to the technical skills as I move upward in management responsibility. The fact that the members of the team will be diverse, with some of different demographic and cultural backgrounds from my own, will only increase the importance of my abilities in the human skills area. It will be a challenge to embrace and value differences to create the best work experience for everyone and to fully value everyone’s potential contributions to the audits we will be doing. Conceptually, I will need to understand the differences and try to utilize them to solve problems faced by the team, but in human relationships I will need to excel at keeping the team spirit alive and keeping everyone committed to working well together over the life of our projects.*

**DISCUSSION QUESTIONS FOR CHAPTER 1 CASE STUDY: VANCITY ON TOP OF ITS GAME**

1. What is Vancity’s competitive advantage over other types of financial institutions?

*Vancity’s competitive advantage is threefold:*

1. *Innovative Approach.*

*Competitive advantage can be achieved through flexibility*, *finding ways to adjust*

*and tailor products and services to fit customer needs in ways that are difficult for one’s competitors to match. Vancity is in a healthy financial position, with rising membership, because it takes an innovative approach in serving the financial needs of its members. It was the first Canadian financial institution to offer mortgages to women, first to use traditional media to market directly to the gay and lesbian community, the first North American credit union to receive an R1 rating from the Dominion Bond Rating Service, and the first financial institution to offer its own socially responsible mutual fund.*

1. *Local Decision-Making*

*According to CEO Tamara Voorman, the key thing that differentiates Vancity from*

*a large bank is the local decision-making.*

1. *A Healthy and Committed Workforce*

*.*

*Vancity acknowledges that a healthy and committed workforce is a key reason it is able to sustain productivity and financial success within a competitive industry.*

2. Who are Vancity’s stakeholders and what value does the organization create for them?

*Vancity’s key stakeholders are its members, its employees and the communities within*

*which it operates. To satisfy these stakeholders, Vancity uses a triple bottom line*

*business model; it is driven to achieve financial success but also focuses on*

*environmental and social sustainability.*

*Members:*

*This Vancouver-based co-operative was founded in 1946; it began with only $22 in*

*total assets ,aiming to lend money to those the banks ignored. Today, it is Canada’s*

*largest credit union, with over 2,400 employees and more than $14.5 billion in assets.*

*Employees:*

*Over the years and primarily driven by the employees’ desire for personal development,*

*Vancity has initiated a number of programs to help employees adopt a plan for a*

*healthier life. This positive approach recognizes the challenges of balancing work and*

*life commitments and empowers employees to create the right environment to thrive*

*at both.*

*Communities:*

*Vancity’s vision to achieve positive social change has succeeded through a number of*

*programs, such as one called Shared Success. Through this program, Vancity gives*

*back each year a significant portion of net profits (generally 30 percent) to members*

*and to communities.*

*Starting in 1995, before doing so was popular, Vancity focused on its own*

*environmental performance. Vancity achieved its target of being the first carbon neutral*

*North American-based financial institution.*

3. Which of the four functions of management does Vancity appear to be doing quite well? Draw from the case to support your answer.

*Vancity appears to be handling the Leadership function of management quite well. In*

*management, leading is the process of arousing people’s enthusiasm to work hard*

*and inspiring their efforts to fulfill plans and accomplish objectives. By leading,*

*managers build commitments to a common vision, encourage activities that support*

*goals, and influence others to do their best work on the organization’s behalf.*

*As an example, every year, the co-operative surveys employees, and it did not meet its*

*targets for employee engagement for three years in a row, which it blamed partly on*

*workforce and budgetary reductions. The employee engagement target is set at 75 percent,*

*but in those years, it did not reach beyond 64 percent. To reengage employees, Vrooman said Vancity would increase investment in training and development, renewing the organization’s IT infrastructure and providing employees with growth opportunity by focusing on new areas.*

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