
FIFTH CANADIAN EDITION
MANAGEMENT
JOHN R. SCHERMERHORN JR. • DANIEL G. BACHRACH • BARRY WRIGHT
WILEY

Management

Fifth Canadian Edition

Management

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About the Authors

BARRY WRIGHT is an associate professor and former interim dean at the Goodman School of Business at Brock University in St. Catharines, Ontario, and is the former director of the Niagara Community Observatory. Presently, Dr. Wright is seconded to the role of CEO with the Niagara 2022 Canada Summer Games, hosting over 5,000 athletes and coaches participating in 18 different sports.

Dr. Wright has more than 30 years of experience in the classroom. Prior to joining the faculty at Brock, he worked as a professor at St. Francis Xavier University and taught at the International Study Centre in Herstmonceux, United Kingdom, and at Queen's University in Kingston, Ontario. He has also worked as an administrator with the city of Red Deer, Alberta. During his career as an educator, Dr. Wright has received several excellence in teaching awards at both the undergraduate and graduate student levels.

At home in the classroom, Dr. Wright is also comfortable in the boardroom. He has served on several boards of directors, most recently as board chair of the Niagara Health System, and has also provided a variety of training and research consultations to numerous Canadian private and public organizations. These services have included the development and implementation of programs in leadership, teamwork, strategic planning, diversity management, and managing organizational change. Barry also provides one-on-one coaching sessions for senior executives who have expressed a desire for outside counsel.

He received his MA (Sport Psychology) and Ph.D. (Management) degrees from Queen's University. His academic research focuses on understanding and solving leadership challenges, studying change and its influence on organizational members, and creating effective work environments.

Barry enjoys being married and being a father, coaching sports, a trip to the art gallery, travelling, and a good laugh.

DR. JOHN R. SCHERMERHORN, JR., is the Charles G. O'Bleness Professor of Management Emeritus in the College of Business at Ohio University, where he teaches graduate courses in management and organizational behaviour. Dr. Schermerhorn earned a Ph.D. in organizational behaviour from Northwestern University, an MBA (with distinction) in management and international business from New York University, and a BS in business administration from the State University of New York at Buffalo. He previously taught at Tulane University, the University of Vermont, and Southern Illinois University at Carbondale, where he also served as head of the Department of Management and associate dean of the College of Business Administration.

International experience adds a unique global dimension to Dr. Schermerhorn's teaching and writing. He holds an honorary doctorate from the University of Pécs in Hungary. He was a visiting professor of management at the Chinese University of Hong Kong, on-site coordinator of the Ohio University MBA and Executive MBA programs in Malaysia, and Kohei Miura visiting professor at Chubu University in Japan. He has served as adjunct professor at the National University of Ireland at Galway and advisor to the Lao-American College in Vientiane, Laos. He currently teaches an MBA course at Università Politecnica Delle Marche in Ancona, Italy, and Ph.D. seminars in the Knowledge and Innovation Management doctoral program at Bangkok University, Thailand. At Ohio University he has twice been Director of the Center for Southeast Asian Studies.

A member of the Academy of Management, Dr. Schermerhorn was chairperson of the Management Education and Development Division. Management educators and students alike know him as author of *Exploring Management* 4e (Wiley, 2014) and *Management* 12e (Wiley, 2013), and co-author of *Organizational Behavior* 4e (Wiley, 2014). Dr. Schermerhorn has also published numerous articles, including ones in the *Academy of Management Journal*, *Academy of Management Review*, *Academy of Management Executive*, *Organizational Dynamics*, *Asia-Pacific Journal of Management*, *Journal of Management Development*, and *Journal of Management Education*.

Ohio University named Dr. Schermerhorn a University Professor, the university's highest campus-wide honour for excellence in undergraduate teaching. He is a popular guest speaker at colleges and universities. He is available for student lectures and classroom visits, as well as for faculty workshops on scholarly manuscript development, textbook writing, high engagement teaching, and instructional and curriculum innovations.

DR. DANIEL (DAN) G. BACHRACH is the Robert C. and Rosa P. Morrow Faculty Excellence Fellow and Professor of Management in the Culverhouse College of Commerce and Business Administration at the University of Alabama, where he teaches graduate and undergraduate courses in management. Dr. Bachrach earned a Ph.D. in organizational behaviour and human resource management—with a minor emphasis in strategic management—from Indiana University's Kelley School of Business, an MS in industrial/organizational psychology from the University of Wisconsin-Oshkosh, and a BA in psychology from Bates College in Lewiston, Maine.

A member of the Academy of Management and the Society for Industrial and Organizational Psychology, Dr. Bachrach serves on the editorial boards of the *Journal of Applied Psychology* and *Organizational Behavior and Human Decision Processes*. He is co-editor of the *Handbook of Behavioral Operations Management: Social and Psychological Dynamics in Production and Service Settings* (Oxford University Press, 2014), co-author of *Transformative Selling: Becoming a Resource Manager and a Knowledge Broker*

(Axcess Capon, 2014), and senior co-author of *10 Don'ts on Your Digital Devices: The Non-Techie's Survival Guide to Digital Security and Privacy* (Apress, 2014). Dr. Bachrach also has published extensively in a number of academic journals, including *Organization Science*, *Journal of Applied Psychology*, *Strategic Management Journal*, *Organizational Behavior and Human Decision Processes*, *Personnel Psychology*, *Journal of Management*, *Leadership Quarterly*, *Production and Operations Management*, *Journal of Operations Management*, *Journal of Supply Chain Management*, and *Journal of Personal Selling and Sales Management*.

As your career takes flight in today's global workplace, it will require careful personal aeronautical navigation. Sometimes the air currents are gentle and it's smooth flying. However, sometimes there are large updrafts and downdrafts that produce course-plotting challenges that need to be managed. No matter the conditions, a successful organization requires skilled leaders at the point and confident team members who know how to fly in formation.

With ever-changing technology and market conditions, facing pandemics and societal problems, yet also always open to innovation and opportunities, today's organizations must be nimble. It requires strategy, planning, teamwork, communication, and preparation to be able to change course quickly. It is no longer an option to remain on the ground staring at the sky; organizations know that taking a calculated yet safe flight path is the route to success.

As you embark on your learning journey, this text will give you a firm understanding of management theory and practices that will prepare you to launch your career, no matter which way the winds blow. Whether you want to become a captain or a valued team member, *Management 5e* presents the tools to succeed.

New to *Management 5e*

Management 5e has been revised and updated with a focus on Canadian stories and timely real-world content, student engagement through critical thinking about business and personal career issues, and instructor opportunities for enriched classroom learning through activities and assignments.

Timely content—Every chapter has been updated. Examples of new and expanded coverage include: learning agility (Chapter 1), moral muteness (Chapter 3), design thinking and root cause analysis (Chapter 4), five Vs of big data management (Chapter 7), strategic control (Chapter 9), latent organizations (Chapter 11), nudge theory (Chapter 12), binational approaches to HR practices (Chapter 13), character leadership and power paradox (Chapter 14), willful blindness and progress principle (Chapter 15), six thinking hats (Chapter 17), and right-ear advantage and sense-making (Chapter 18).

Student engagement features—Student engagement is an embedded theme in *Management 5e*. Look for these features that bring life to disciplinary content: *Analysis*—Make Data Your Friend, *Choices*—Think before You Act, *Ethics*—Know Right from Wrong, *Insight*—Keep Learning about Yourself, and *Wisdom*—Learn from Role Models. Each feature is designed and visually presented to attract students' attention and engage them in reflection and critical thinking. These features are introduced at the beginning of each chapter as part of *What to Look for Inside: Management Is Real*.

Enriched classroom opportunities—The active and enriched classroom is also an embedded theme in *Management 5e*. Look for these opportunities that make it easy to bring text content to life in discussions, activities, and individual and team assignments: Evaluate Career Situations, Reflect on the Self-Assessment, Contribute to the Class Exercise, Manage a Critical Incident, Collaborate on the Team Activity, and Analyze the Case Study. These enriched instructional components are introduced at the very beginning of each chapter as part of *What to Look for Inside: Skills Make You Valuable*.

Management 5e Philosophy

Today's students are tomorrow's leaders and managers. They are our hope for the future during the social transformations of a global pandemic, #me-too and Black Lives Matter movements, indigenous reconciliation, labour force migration, and concerns for the planet, all impacting and influencing work environments. New values and management approaches are appearing; organizations are changing forms and practices; jobs are being redefined and relocated; the impact of the information age is a major force in our lives; and the battles between globalization and protectionism are presenting major organizational and economic challenges.

> *Management 5e* is designed to help students discover their true potential and accept personal responsibility for developing their career skills.

Management 5e and its rich selection of timely examples and thought-provoking features for analysis and reflection is designed for this new world of work. It is crafted to help students understand that management is real and is an everyday part of their lives. By engaging with *Management 5e*, students explore the essentials of management while also discovering their true potential for developing useful career skills. The content, pedagogy, and features of this edition have been carefully blended to support management educators who want their students to:

- understand and apply the principles of management,
- gain confidence in critical thinking,
- identify timely social and organizational issues,
- embrace lifelong learning for career success,
- become attractive internship and job candidates, and
- grow in career readiness.

Management 5e Pedagogy

The pedagogical foundations of *Management 5e* are based on four constructive balances that are essential to higher education for business and management.

- ***The balance of research insights with formative education.*** As educators we must be willing to make choices when bringing the theories and concepts of our discipline to the attention of the introductory student. We cannot do everything in one course. The goal should be to make good content choices that set the best possible foundations for lifelong learning.

> Our goal as educators should be to make good content and pedagogical choices that set the best possible foundations for lifelong learning.

- ***The balance of management theory with management practice.*** As educators we must understand the compelling needs of students to learn and appreciate the applications of the material they are reading and thinking about. We must continually bring to their attention interesting and relevant examples.
- ***The balance of present understandings with future possibilities.*** As educators we must continually search for the directions in which the real world of management is heading. We must select and present materials that can both point students in the right directions and help them develop the confidence and self-respect needed to pursue their goals.
- ***The balance of what "can" be done with what is, purely and simply, the "right" thing to do.*** As educators we are role models; we set an example for our students. We must be willing to take stands on issues relating to managerial ethics and social responsibility. We must be careful not to let the concept of "contingency" betray the need for positive action and accountability in managerial practice.

> We are role models . . . we must be willing to take stands on issues such as managerial ethics and social responsibility.

Our students have pressing needs for direction as well as suggestion. They need application as well as information. They have needs for integration as well as presentation. And they have the need for confidence that comes from solid understanding. Our goal is to put into your hands and into those of your students a learning resource that can help meet these needs.

Management 5e Highlights

Management 5e introduces the essentials of management as they apply to organizations and careers in a complex global society. The subject matter is carefully chosen to meet the accreditation guidelines of the Association to Advance Collegiate Schools of Business (AACSB), while still allowing extensive flexibility to fit various course designs, class sizes, and delivery formats.

The timely content offers flexibility in meeting a wide variety of course objectives and instructor preferences. The material is organized into five logical parts—Management, Environment, Planning and Controlling, Organizing, and Leading. These parts and the accompanying material can be used in any order and combination. All content has been updated and enriched with new features and examples from the latest current events.

Learning Model

The *Management 5e* learning model makes it easy for students to read, study, reflect, and use critical thinking. Their attention is focused on building management skills and competencies through active learning and on discovering that management issues and themes permeate current events that effect everyday living.

> The *Management 5e* learning model makes it easy for students to study, reflect, and use critical thinking as they read.

Each chapter opens with a compelling photo and quote, followed by a learning dashboard that provides a *Chapter Quick Start* overview, list of *Learning Objectives,* and a *What to Look for Inside* directory in two parts: *Management Is Real*—with features on Choices, Insight, Analysis, Ethics, and Wisdom; and *Skills Make You Valuable*—with features to Evaluate, Reflect, Contribute, Manage, Collaborate, and Analyze. Figures provide visual support for student comprehension as concepts, theories, and terms are introduced. Selected figures also appear as interactives in the course. The *Management Learning Review* section at the end of each chapter helps students prepare for quizzes and exams by completing a *Learning Objective Summary* and *Self-Test*. Interactive self-assessments give students a chance to engage with some of the end-of-chapter questions in an online environment.

Self-Reflection, Active Learning, and Critical Thinking

The *What to Look for Inside* guide in the learning dashboard points out the many features in *Management 5e* that provide students with important opportunities for self-reflection, active learning, and critical thinking. *Management Is Real* features current events, timely issues, and real people and situations to build awareness and stimulate personal reflection.

At the end of each chapter, *Skills Make You Valuable* features provide a variety of opportunities to build management skills through individual and team learning activities.

A sampling of the *Management Is Real* and *Skills Make You Valuable* features follows:

What to Look for Inside

Management Is Real

4.1 Analysis Make Data Your Friend

Social Attitudes Shift on Women at Work, but Concerns for Equality Persist

4.2 Ethics Know Right from Wrong

Offshore E-Waste Graveyards Bury a Problem

4.3 Insight Keep Learning about Yourself

Risk Taking Has Its Ups and Downs

4.4 Wisdom Learn from Role Models

The Westons Take the Cake

4.5 Choices Think before You Act

Sustainability Ranks Low among Global Executive Challenges

Skills Make You Valuable

- **Evaluate** *Career Situations:* What Would You Do?
- **Reflect** *on the Self-Assessment:* Tolerance for Ambiguity
- **Contribute** *to the Class Exercise:* The Future Workplace
- **Manage** *a Critical Incident:* It's Also about Respect
- **Collaborate** *on the Team Activity:* Organizational Commitment to Sustainability Scorecard
- **Analyze** *the Case Study:* Patagonia: Leading a Green Revolution

Management 5e Exceptional Content in Any Media

Wiley online courseware is a teaching and learning platform that integrates text with interactive and multimedia content, online tools, and resources to provide a contemporary and appealing learning experience. Offering Wiley online courseware along with a stand-alone eText and practical printed text options allows the flexibility to suit any course format, whether it be face-to-face, a hybrid/blended learning environment, or an online class. Features include:

- a complete version of the eText
- Author videos: These videos summarize key points and provide examples and illustrations to enhance student engagement and understanding.
- Video cases: Video cases accompanying each chapter help to illustrate and expand on relevant topics and allow for further analysis and critical thinking. The videos are accompanied by teaching notes that provide starting points for lectures or for general class discussion.
- Management Weekly Updates: These timely updates keep you and your students updated and informed on the very latest in business news stories. Each week you will find links to five new articles, video clips, business news stories, and so much more with discussion questions to elaborate on the stories in the classroom.

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I would like to offer my particular thanks to Dr. Linda Bramble, who was both innovative and instrumental in completing this edition. She is a talented writer and scholar and I am blessed to have had her partner with me on this project.

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In closing, I would especially like to thank my family—my lovely wife Mary, darling daughters Monica and Kit, happy son John Emmett, father Herb, and in-laws Mona and Bob—who all offered hugs and help along the way. To all who are striving to make the world a better place, I dedicate this book.

BARRY WRIGHT
St. Catharines, Ontario
August 2020

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Management Today

Canada geese fly in formation to conserve energy and to improve communication on their long journeys. Likewise, good managers can help organizations reach their goals through coordination, communication, and leadership.

We live and work in a very complex world. Unemployment and job scarcity, ethical missteps by business and government leaders, financial turmoil and uncertainty, environmental challenges, and complex global health, economic and political issues are regularly in the news. Today's organizations are rapidly changing, as is the nature of work itself. Talent and technology reign supreme in the most desired jobs. Learning, performance, and flexibility are essential individual attributes; employers expect the best from us, and the best employers provide us with inspiring leadership and supportive work environments that provide respect, involvement, teamwork, and rewards.[1]

Chapter Quick Start

Management is part of our everyday lives. We manage ourselves, we manage relationships, we manage families, and we manage teams and co-workers. Now is a good time to study the fundamentals of management, learn more about your capabilities, and start building skills for career and life success.

CHAPTER OUTLINE	LEARNING OBJECTIVES
1.1 Working Today	**1.1** Summarize the challenges of developing and maintaining career readiness in the new economy.
1.2 Organizations	**1.2** Describe what organizations are like as work settings.
1.3 Managers	**1.3** Discuss what it means to be a manager.
1.4 The Management Process	**1.4** Explain the functions, roles, and activities of managers.
1.5 Learning How to Manage	**1.5** Summarize how we learn and use essential skills for career success.

What to Look for Inside

Management Is Real

1.1 **Analysis** Make Data Your Friend
Multiple Generations Meet and Greet in the New World of Work

1.2 **Ethics** Know Right from Wrong
Social Media Searches Linked with Discrimination in Hiring

1.3 **Wisdom** Learn from Role Models
Tonia Jahshan Turned Over a New Leaf

1.4 **Choices** Think before You Act
Want Vacation? Take as Much as You Want

1.5 **Insight** Keep Learning about Yourself
Self-Awareness and the Johari Window

Skills That Make You Valuable

- **Evaluate** *Career Situations:* What Would You Do?
- **Reflect** *on the Self-Assessment:* Career Readiness "Big 20"
- **Contribute** *to the Class Exercise:* My Best Manager
- **Manage** *a Critical Incident:* Team Leader Faces Test
- **Collaborate** *on the Team Activity:* The Amazing Great Job Race
- **Analyze** *the Case Study:* Vancity | Keeping Employees Happy and Healthy

1.1 Working Today

LEARNING OBJECTIVE 1.1

Summarize the challenges of developing and maintaining career readiness in the new economy.

Learn More About
Talent • Technology • Globalization • Ethics • Diversity • Careers and connections

In her book *The Shift: The Future of Work Is Already Here*, scholar Lynda Gratton describes why things are changing so quickly today and how young people can navigate their careers through these changes. "Technology shrinks the world but consumes all of our time," Gratton says. "Globalization means we can work anywhere, but must compete with people from everywhere."[2] What does the changing nature of work mean as you plan for career entry and advancement? You can't expect a guarantee of long-term employment in today's workplace. More and more jobs have to be continually earned and re-earned through everyday performance and accomplishments. And in times of continuous change, you have to accept that your career will be defined by "flexibility," "free agency," "skill portfolios," and "entrepreneurship."

There is also no escaping the fact that your career success will require a lot of initiative, self-awareness, and continuous learning. The question is: Are you ready? Whether your answer is "Yes" or a tentative "Maybe," this book and management course can help strengthen your career readiness.

Talent

A study by management scholars Charles O'Reilly and Jeffrey Pfeffer found that high-performing companies are better than

their competitors at getting extraordinary results from employees. "These companies have won the war for talent," they argue, "not just by being great places to work—although they are that—but by figuring out how to get the best out of all of their people, every day."[3]

People and their talents—what they know, what they learn, and what they achieve—are the crucial foundations for organizational performance. They represent what managers call **intellectual capital**, which is the combined brainpower and shared knowledge of an organization's employees.[4] Intellectual capital is a strategic asset that organizations can use to transform human creativity, insight, and decision-making into performance. Intellectual capital is also a personal asset, one to be nurtured and continually updated. It is the package of intellect, skills, and capabilities that sets us apart, and that makes us valuable to potential employers.

Think about the personal implications of this *intellectual capital equation*: Intellectual Capital = Competency × Commitment.[5] What does it suggest in terms of developing your talents for career success? **Competency** represents your personal talents or job-related capabilities. Although extremely important, competency by itself won't guarantee success. You have to be committed. **Commitment** represents how hard you work to apply your talents and capabilities to important tasks. Both are essential. Having one without the other won't allow you to achieve important career goals or to meet even basic performance requirements. It takes both competency and commitment to generate intellectual capital. Generational differences in views of work elements such as competency and commitment are discussed in Management Is Real 1.1.

Workplaces in today's age of information, technology, and change are dominated by **knowledge workers** whose minds—their creativity and insight—are critical assets.[6] Futurist Daniel Pink says we will soon enter a *conceptual age* where a premium will be placed on "whole mind" competencies. Those who have them are both "high concept"—creative and good with ideas—and "high touch"—cheerful and good with relationships.[7] Management scholar and consultant Gary Hamel talks about a *creative economy*, "where even knowledge itself is becoming a commodity" and "the most important differentiator will be how fast you can create something new."[8] Mastering these intellectual challenges requires ongoing development of multiple skill sets in order to keep your personal competencies aligned with—and at the forefront of—emerging job trends.

Technology

Technology continuously tests our talents and intrudes into every aspect of our lives. Think about how much time you

Management Is Real 1.1: Analysis | Make Data Your Friend

72 percent of college students want "a job where I can make an impact."

Multiple Generations Meet and Greet in the New World of Work

Is the notion of a "9 to 5" job about to become a relic? What happens as younger workers advance into management? How can baby boomers and millennials work well with each other? The changing mix of ages and attitudes in the workplace is putting the pressure on traditional employment practices. Here are some survey data to consider.

- 60 percent of millennials change their first jobs after three years and employers spend $15,000 to $25,000 recruiting replacements.
- The best predictor of job loyalty for millennials is "a good culture fit."
- 45 percent of millennials rate workplace flexibility higher than pay and 71 percent hope co-workers will become a "second family."
- 68 percent of millennials get high scores for being enthusiastic about work, 45 percent for being team players, and 39 percent for being hard-working.
- 73 percent of boomer managers get high scores for being hard-working, 55 percent for being team players, 21 percent for flexibility, and 16 percent for inclusive leadership.
- 72 percent of college students say they want "a job where I can make an impact."



Hero Images/Getty Images

- 60 percent of Generation-Zers want multiple check-ins from their managers weekly, if not daily.

What are the Implications?

How do these findings compare with your own career preferences or what you hear from people you know? How might this evidence influence your approach to seeking a job? What characteristics and practices define your ideal employer? What can employers do to attract and retain talented millennials while keeping older generations happy? Is what's good for millennials necessarily good for everyone? How can managers effectively integrate people with varying needs and interests so employees from different generations work together with respect and pride?

spend on Zoom, Hangouts, Twitter, Snapchat, WeChat, Facebook, and more. We are continuously bombarded with advertisements for the latest developments—smart phones, smart apparel, smart cars, smart homes. We struggle to keep up with our social media involvements, stay connected with messaging, and deal with full email and voice mail inboxes. It is likely that, right now, you are reading this "book" on your favourite tablet or smart phone rather than in its traditional form. Given what has already happened with how we use technology, what will things look like tomorrow?

We are currently in the **fourth industrial age**, one where the cloud, mobile Internet, automation, robotics, and artificial intelligence are driving the forces of change. To succeed, it is critical to build and to maintain a high **Tech IQ**—the ability to use current technologies at work and in your personal life, combined with the commitment to keep yourself updated as technology continues to evolve. Whether you're checking inventory, making a sale, ordering supplies, sourcing customers, prioritizing accounts, handling payrolls, recruiting new hires, or analyzing customer preferences, Tech IQ is indispensable. More and more people spend at least part of their workday telecommuting or working from home or in mobile offices. Workplaces are full of "virtual teams" with members who meet, access common databases, share information and files, make plans and decisions, solve problems together, and complete tasks without ever meeting face to face. Tech IQ is an essential foundation for succeeding in this fast-changing world of technological innovation.

Even finding work and succeeding in the job selection process today involves skilled use of technology. Poor communication, careless applications, and under-researched attempts do not work in the world of the electronic job search. Filling in your online profile with the right keywords does work. Many employers use sophisticated software to scan online profiles for indicators of real job skills and experiences that fit their needs. Most recruiters today also check social media for negative indicators about applicants.

Globalization

National boundaries hardly count anymore in the world of business.[9] Over 1.9 million people in Canada work for foreign employers.[10] We buy Japanese cars like Toyota and Honda that are assembled in Canada. We buy appliances from the Chinese firm Haier and Tetley Tea from India's Tata Group. Top managers at Starbucks, IBM, Sony, Ford, and other global companies have little need for the words "overseas" or "international" in their vocabulary. They operate as global businesses serving customers around the world. They source materials and talent wherever in the world it can be found at the lowest cost.

These are among the many consequences of **globalization**, which is the worldwide interdependence of resource flows, product markets, and business competition.[11] Under its influence, government leaders worry about the competitiveness of nations, just as corporate leaders worry about business competitiveness.[12] Countries and people are interconnected through labour markets, employment patterns, and financial systems. We are no longer surprised to find that our customer service call is answered in Ghana, CT scans are read by a radiologist in India, and business records are maintained by accountants in the Philippines.

One controversial consequence of globalization is **job migration**, which is the shifting of jobs from one country to another. While Canada has been a net loser to job migration, countries like China, India, and the Philippines have been net gainers. Politicians and policy-makers regularly debate the costs of job migration as local jobs are lost and communities lose economic vitality. One side looks for new government policies to stop job migration and protect Canadian jobs. The other side calls for patience, arguing that the national economy will grow jobs in the long run as the global economy readjusts.

The flip side of job migration is **reshoring**, which is the shift of manufacturing and jobs back home from overseas. Rising global manufacturing and transportation costs, increasing labour costs in China and other manufacturing countries, growing worries about intellectual property protection in countries like China, and shortened supply chain lead times have led manufacturing firms such as Caterpillar, Ford, and General Electric to do more reshoring.[13] A recent report by BDO Canada, an accounting firm that provides business advisory services, comments on the growing tendency toward reshoring: "A firm's proximity to its customers is once again becoming a strategic asset and competitive advantage."[14]

Ethics

It's old news now that Bernie Madoff was sentenced to 150 years in jail for a Ponzi scheme costing investors billions of dollars. But the message is still timely and crystal clear: Commit white-collar crime and you will be punished.[15] Madoff's crime did terrible harm to numerous individuals who lost their life savings, charitable foundations that lost millions in charitable gifts, and employees who lost their jobs. Our society also paid a large price as investors' faith in the business system was damaged by the scandal. Although very high profile, the Madoff scandal was by no means a unique or isolated case of criminal behaviour by a lone executive. Fresh scandals involving companies like SNC Lavalin regularly make the news.

The issues we explore here deal with the broader notion of **ethics**—a code of moral principles that sets standards for conduct that is "good" and "right," as well as "bad" and "wrong."[16] At the end of the day we depend on individuals, working at all organizational levels, to conduct themselves in ethical ways. We also expect employers to act ethically (see Management Is Real 1.2). And even though ethics failures get most of the publicity, you'll find many examples of managers who demonstrate moral leadership and integrity. Believing that most CEOs are overpaid, the former CEO of Dial Corporation, Herb Baum, once gave his annual bonus to the firm's lowest-paid workers.[17] In his book *The Transparent Leader*, he argues that integrity is key to leadership success and that the responsibility for setting an organization's ethical tone begins at the top. Shareholders in several companies in Canada are getting more aggressive when it comes to voting against excessive executive compensation.[18]

Management Is Real 1.2: Ethics | Know Right from Wrong

Subtleties in social media postings can contribute to discrimination in the recruitment process.

Social Media Searches Linked with Discrimination in Hiring

It's no secret that a growing number of employers (more than a third) browse the web and follow social media to gather information and impressions about job candidates. It is also well known that inappropriate postings can hurt you, so much so that people are increasingly editing controversial things they've done out of their public profiles.

New research reported from Carnegie Mellon University also suggests that subtle cues in social media postings can contribute to discrimination in the recruitment process. One of the researchers, Professor Alessandro Acquisti, says, "There is so much information we reveal about ourselves online, sometimes in ways we do not even realize."

Researchers distributed 4,000 resumés to job posting sites and associated the resumés with Facebook profiles offering hints—background photos and quotes, for example—about the candidates' religion (Muslim or Christian) and sexuality (gay or straight). Results showed that 17% of Christians received a call back while only 2% of Muslims did. Sexuality cues made no significant difference in call-back rates. It's against Canadian law to discriminate in hiring on the basis of religion or sexuality, but the researchers point out that discrimination based on what is discovered in social media investigations can be unconscious rather than intentional. Professor Acquisti says, "By and large, employers avoid asking questions about these traits in interviews. But now technology makes it easier to find that information." Other social media cues that may lead employers to discriminate are photos of women showing pregnancies or children, and applicant names that are associated with ethnic, racial, or religious communities.



Loic Venance/AFP/Getty Images

What Do You Think?

Facebook offers privacy settings to shield from public consumption information intended only for friends. But does this go far enough to protect individual privacy? Is it ethical for employers to use social media to "peek" at the personal lives of prospective candidates? Should there be laws preventing them from doing so? What about individual responsibility? Given so much publicity about social media use by recruiters, shouldn't job seekers be informed and aware enough to screen out potentially harmful and discriminatory information? Are these job seekers at fault if negative consequences result when they don't?

One indicator of ethics in organizations is the emphasis given to social responsibility and sustainability practices. President and CEO Rob Wesseling of the Guelph-based company The Co-operators states, "We exist to provide financial security for Canadians and Canadian communities. And, we take a holistic view. It's not just financial security in terms of economics, but also social and environmental security which are critical to overall wellness." It is this strategy and focus that earned The Co-operators the top spot on the 2019 Corporate Knights Best 50 Corporate Citizens list in Canada.[19]

Another ethics indicator is the strength of **corporate governance**. Think of this as the active oversight of top management decisions, corporate strategy, and financial reporting by a company's board of directors.

Diversity

The term **workforce diversity** describes the composition of a workforce in terms of gender, age, race, ethnicity, religion, sexual orientation, and able-bodiedness.[20] These demographics have changed considerably in recent years. Members of minority groups now constitute more than one-fifth of the Canadian population,[21] and women make up almost half (47 percent) of the Canadian workforce.[22] By the year 2031, it is predicted that up to 14.1 million people will be members of a visible minority, approximately 3 in 10 Canadians. South Asians, including Indians, Pakistanis, and Sri Lankans, are expected to make up the largest visible minority group.[23] Statistics Canada projects that roughly 37 percent of the population will be at least 65 years old.

Despite these changes, the way we deal with diversity in the workplace remains complicated. Women now lead global companies like IBM, PepsiCo, Xerox, and Kraft, but they hold just 5 percent of the top jobs.[24] The proportion of women at the top is growing, but female CEOs also get fired at a higher rate than their male counterparts.[25]

Why aren't there more women, and people of colour, leading organizations? To what extent does diversity bias still influence recruitment and selection decisions? Researchers have found that resumés of applicants with white-sounding first names, such as Brett, receive 50 percent more responses from employers than equivalent resumés with black-sounding first names, such as Kareem.[26]

The stage for diversity bias is set by **prejudice**—the display of negative, irrational opinions and attitudes regarding

members of diverse populations. An example of bias is the lingering prejudice against working mothers. The non-profit Families and Work Institute reported that in 1977, 49 percent of men and 71 percent of women believed that mothers can be good employees; by 2008 the proportions had risen to 67 percent and 80 percent.[27] Don't you wonder why there isn't 100 percent support for working mothers? And how do you account for a study that sent faux resumés to recruiters and found that the least desirable candidates were women with children?[28] The inspiring story of one highly successful working mother is in Management Is Real 1.3.

Prejudice becomes active **discrimination** when members of some groups are unfairly treated and denied the full benefits of organizational membership. One example of discrimination is a manager inventing reasons not to interview a visible minority job candidate. Another example is a supervisor who refuses to promote a working mother for fear that parenting responsibilities will make it hard for her to do a good job. This thinking shows a subtle form of discrimination called the **glass ceiling effect**, an invisible barrier or ceiling that prevents women and visible minorities from rising to top jobs.

Scholar Judith Rosener warns that discrimination of any sort leads to "undervalued and underutilized human capital."[29] To avoid this problem, the position of chief diversity officer, or CDO, is gaining stature in organizations. Its presence recognizes that diversity is not only a moral issue but an opportunity for real performance gains. The job of CDO is to make sure the work environment allows women and members of other groups to flourish, and fully utilizes their talents.[30]

Careers and Connections

When the economy is weak and employment markets are tight, the task of finding a career entry point can be daunting. It always pays to remember the importance of online resumés and job searches, and the power of social networking with established professionals. In addition, job seekers should

Management Is Real 1.3: Wisdom | Learn from Role Models

"I'm going to start a company," she announced one day.

Tonia Jahshan Turned Over a New Leaf

In 2006, Tonia Jahshan was working at a sales and marketing agency she ran with her father. Because of a personal tragedy, she was feeling lost and disengaged. She began reassessing her life—asking whether she really wanted to sell electrical equipment for the rest of her career.

To help change her dismal mood, she and her husband took some time off and left their home in Ancaster, Ontario, for a getaway to Halifax to spend some time at a bed and breakfast. That little trip changed her life. For breakfast the host served a cup of cream of Earl Grey tea. "I was blown away by the taste and smell," Jahshan recalls. She was so enthusiastic about the tea that she and her husband drove to a little boutique an hour away to stock up and bring some home.

Within two weeks Tonia knew that those little leaves of aromatic pleasure were where her future would lie. "I'm going to start a company," she announced to her husband. "I'm going to have tea parties and sell tea leaves … And I'm calling it 'Steeped Tea.'"

Her early success was tantalizing. To accomplish her vision, she turned to direct selling, similar to Avon or Tupperware parties, where people would have tea parties in their homes and build friendships. Jahshan knew she wanted a scalable business where people could earn on their own terms and she could grow the company as sales increased.

By 2010 her business was growing steadily, but she wasn't making any money. Tonia set out to add a second-in-command to help clean up the books and streamline operations. She found the perfect candidate in her husband, who had just finished his MBA. Her husband joined the company as CEO and helped manage finances, negotiate with suppliers, streamline the product line, and build more efficient management systems.

In 2012, she took the risk of appearing on the TV show *Dragons' Den*, where she boldly presented her business model and vision. The result was that Dragons David Chilton and Jim Treliving



Courtesy of Steeped Tea, Inc.

invested $250,000 for 20 percent of the business. Although she had several years of very hard work, and she weathered some financially tight situations, today she has an award-winning business with annual sales of $20 million and a workforce of 9,000 salespeople in Canada and the United States.

Tonia's company has been recognized year over year as one of PROFIT 500 Canada's Fastest-Growing Companies, and she was proclaimed as Canada's #1 Female Entrepreneur by W100. She has also received the Ernst and Young Entrepreneurial Winning Women award and has been listed as 1 of 6 Women to Watch on forbes.com. Tonia lives in Hamilton, Ontario, with her husband Hatem and their three kids–Layla, Jenna, and Sami.[31]

Find Inspiration

Tonia Jahshan's trajectory from salesperson to woman entrepreneur of the year is impressive. What career lessons are here for others to follow? Which special skills and personal characteristics may have helped Jahshan grow into a leadership role? She's a young Canadian woman with three children and a husband. How can her success in an entrepreneurial environment serve as a role model for others?

consider internships as pathways to first-job placements. But everything still depends on the mix of skills you can offer a potential employer and how well you communicate those skills during the recruitment process. Picture yourself in a job interview. The recruiter asks this question: "What can you do for us?" How do you reply? Your answer can set the stage for career success … or for something less.

British scholar and consultant Charles Handy uses the analogy of a **shamrock** to highlight the challenges of developing skill portfolios that fit the new workplace.[32] The first leaf in the shamrock is a core group of permanent, full-time employees who follow standard career paths. The number of people in this first leaf is shrinking.[33] They are being replaced by a second leaf of "freelancers" and "independent contractors" who offer specialized skills and talents on a contract basis, then change employers when projects are completed.[34] Full-time employees are also being replaced by a third leaf of temporary part-timers. They often work without benefits and are the first to lose their jobs when an employer runs into economic difficulties.

Most people hired today will have to be able to succeed in a **free-agent economy**, one where people change jobs more often and work on flexible contracts with a shifting mix of employers over time. Skills like those in the list below must be kept up to date and portable.[35] They can't be gained once and then forgotten. They must be carefully maintained and upgraded all the time. All this places a premium on your capacity for **self-management**—being able to assess yourself realistically, recognize strengths and weaknesses, make constructive changes, and manage your personal development. Here are the early career survival skills to acquire.

- *Mastery:* You need to be good at something. You need to be able to contribute real value to your employer.
- *Networking:* You need to know people and get connected. Networking with others within and outside the organization is essential.
- *Entrepreneurship:* You must act as if you are running your own business, spotting ideas and opportunities and pursuing them.
- *Technology:* You have to embrace technology. You have to stay up to date and fully utilize all that is available.
- *Marketing:* You need to communicate your successes and progress—both yours personally and those of your work team.
- *Renewal:* You need to learn and change continuously, always improving yourself for the future.

Connections count for a lot in the free-agent economy. They open doors to opportunities and resources that otherwise wouldn't be available. People with connections gain access to valuable information about potential jobs and often score more interviews and better jobs than those without connections. While in the past the best connections may have been limited to people who had gone to the "right" kinds of schools or came from the "right" kinds of families, this is no longer the case. **Social networking** tools—such as LinkedIn, Facebook, and WeChat that connect users with similar interests have become the great equalizer. They make the process of connecting much easier and more democratic than ever before. Importantly, they are readily available ways for you to make connections that can help with job searches and career advancement.

Learning Check

LEARNING OBJECTIVE 1.1 Summarize the challenges of developing and maintaining career readiness in the new economy.

Be Sure You Can • 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 can hurt people at work

1.2 Organizations

LEARNING OBJECTIVE 1.2

Describe what organizations are like as work settings.

Learn More About

Organizational purpose • Organizations as systems • Organizational performance • Changing nature of organizations

In order to make good employment choices and perform well in a career, you need to understand the nature of organizations and recognize how they work as complex systems.

Organizational Purpose

An **organization** is a collection of people working together to achieve a common purpose. It is a unique social phenomenon that enables its members to perform tasks far beyond the reach of individual accomplishment. This description applies to organizations of all sizes and types that make up the life of any community, from large corporations to small businesses, as well as such non-profit organizations as schools, government agencies, and hospitals.

The broad purpose of any organization is to provide goods or services of value to customers and clients. A clear sense of purpose tied to "quality products and services," "customer satisfaction," and "social responsibility" can be an important source of organizational strength and performance advantage. IBM's former CEO, Samuel Palmisano, once said: "One simple way to assess the impact of any organization is to ask the question: How is the world different because it existed?"[36] Whole Foods

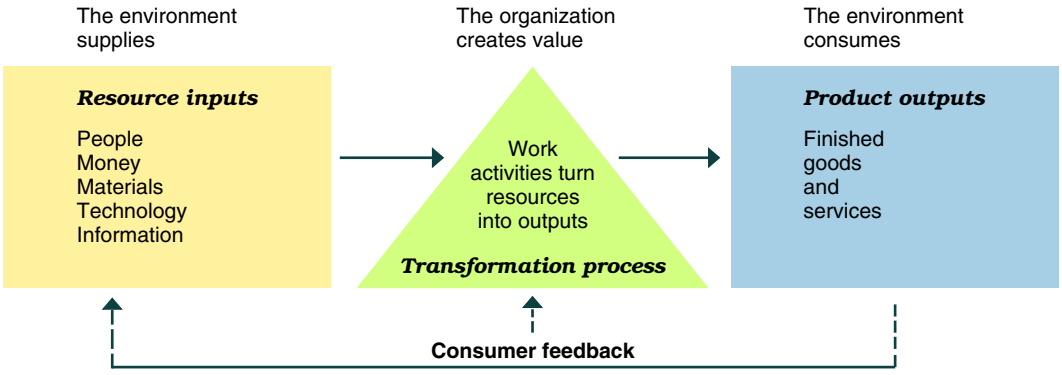


FIGURE 1.1 Organizations as open systems interacting with their environments.

founder John Mackey answers by saying: "I think that business has a noble purpose. It means that businesses serve society. They produce goods and services that make people's lives better." On the Whole Foods website this is stated as a commitment to "Whole Foods—Whole People—Whole Planet."[37]

A story recounted on a Disneyland blog provides an excellent example of an organization's development of a "purpose." Joseph Van Arsdale France, tasked with developing a training program for park employees, came up with a new idea for a purpose for Disneyland. As he was preparing to pitch his idea to Walt and Roy Disney, Van Arsdale France recalled, "My goal, as I saw it, was to get everyone we hired to share in an intangible dream, and not just working for a paycheck." Van Arsdale France remembering the moment: "And here were top executives, all of them right there, and I had to get up and say, 'And now our theme: the purpose of Disneyland is to create happiness for others.' And you see, the beautiful thing about saying, 'We're going to create happiness' was then I could say, 'Look, you may park cars, clean up the place, sweep the place, work graveyard and everything else, but whatever you do is contributing to creating happiness for others.'" Van Arsdale France's insight was to create a single, unifying purpose that connected every employee with the emotional aspirations of each guest, with the goal of making Disneyland the happiest place on earth.[38]

Organizations as Systems

All organizations are **open systems** that interact with their environments. They do so in a continual process of obtaining resource inputs—people, information, resources, and capital—and transforming them into outputs in the form of finished goods and services for customers.[39]

As shown in **Figure 1.1**, feedback from the environment indicates how well an organization is doing. When Starbucks started a customer blog, for example, requests for speedier service popped up. The company quickly made changes that eliminated requiring signatures on credit card charges less than $25. Salesforce.com is another company that thrives on feedback. It set up a website called Idea Exchange to get customer suggestions, even asking them at one point to vote on a possible name change—the response was "No!"[40] Gathering and listening to customer feedback is important; without loyal customers, a business can't survive.

Organizational Performance

Organizations create value when they use resources well to produce good products and take care of their customers. When operations add value to the original cost of resource inputs, then a business organization can earn a profit—by selling a product for more than the costs of making it, and a non-profit organization can add wealth to society—by providing a public service like fire protection that is worth more than its cost.

One of the most common ways to assess performance by and within organizations is **productivity**. It measures the quantity and quality of outputs relative to the cost of inputs. And as **Figure 1.2** shows, productivity involves both performance effectiveness and performance efficiency.

Performance effectiveness is an output measure of task or goal accomplishment. If you are working as a software

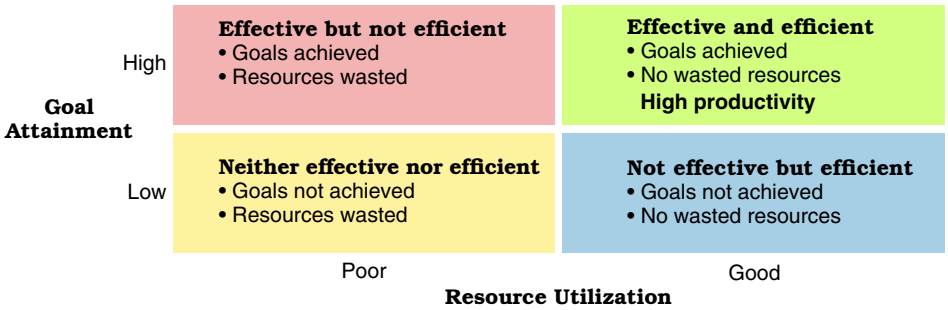


FIGURE 1.2 Productivity and the dimensions of organizational performance.

engineer for a computer game developer, performance effectiveness may mean that you meet a daily production target in terms of the quantity and quality of lines of code written. This productivity helps the company meet customer demands for timely delivery of high-quality gaming products.

Performance efficiency is an input measure of the resource costs associated with goal accomplishment. Returning to the gaming example, the most efficient software production is accomplished at a minimum cost in materials and labour. If you are producing fewer lines of code in a day than you are capable of, this amounts to inefficiency; if you make lots of mistakes that require extensive rewrites, this is also inefficient work. All such inefficiencies drive up costs and reduce productivity.

Changing Nature of Organizations

Change is a constant feature of our society, and organizations are no exception. The following list shows some organizational trends and transitions relevant to the study of management.[41]

- *Focus on valuing human capital:* The premium is on high-involvement work settings that rally the knowledge, experience, and commitment of all members.
- *Demise of "command-and-control":* Traditional top-down "do as I say" bosses are giving way to participatory bosses who treat people with respect.
- *Emphasis on teamwork:* Organizations are becoming less hierarchical and more driven by teamwork that pools talents for creative problem solving.
- *Pre-eminence of technology:* Developments in computer and information technology keep changing the way organizations operate and how people work.
- *Importance of networking:* Organizations and their members are networked for intense, real-time communication and coordination.
- *New workforce expectations:* The new generation of workers is attentive to performance merit, concerned for work–life balance, less tolerant of hierarchy, and more informal than previous generations.
- *Concern for sustainability:* Social values call for more attention to the preservation of natural resources for future generations and understanding how work affects human well-being.

Learning Check

LEARNING OBJECTIVE 1.2 Describe what organizations are like as work settings.

Be Sure You Can • 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

1.3 Managers

LEARNING OBJECTIVE 1.3

Discuss what it means to be a manager.

Learn More About

Importance of managers • Levels of managers • Types of managers • Managerial performance • Changing nature of managerial work

In an article titled "Putting People First for Organizational Success," Jeffrey Pfeffer and John F. Veiga argue forcefully that organizations perform better when they treat their members better.[42] Managers in high-performing organizations don't treat people as costs to be controlled; they treat them as valuable strategic assets to be carefully nurtured and developed. So, who are today's managers and just what do they do?

What Is a Manager?

You find them in all organizations and with a wide variety of job titles—team leader, department head, supervisor, project manager, president, administrator, and more. We call them **managers**, people in organizations who directly support, supervise, and help activate the work efforts and performance accomplishments of others. Whether they are called direct reports, team members, work associates, or subordinates, these "other people" are the essential human resources whose contributions represent the real work of the organization. As pointed out by management scholar Henry Mintzberg, being a manager remains an important and socially responsible job. "No job is more vital to our society than that of the manager," he says. "It is the manager who determines whether our social institutions serve us well or whether they squander our talents and resources."[43]

Levels of Managers

At the highest levels of business organizations, as shown in **Figure 1.3**, we find a **board of directors** whose members are elected by shareholders to represent their ownership interests. In non-profit organizations such as a hospital or university, this level is often called a *board of trustees*, and its members may be elected by local citizens, appointed by government bodies, or invited by existing members. The basic responsibilities of board members are the same in both business and the public sector—to make sure that the organization is always being well run and managed in a lawful and ethical manner.[44]

Common job titles just below the board level are chief executive officer (CEO), chief operating officer (COO), chief financial officer (CFO), chief information officer (CIO), chief diversity officer (CDO), president, and vice president. These **top managers** constitute an executive team that reports to the board and is

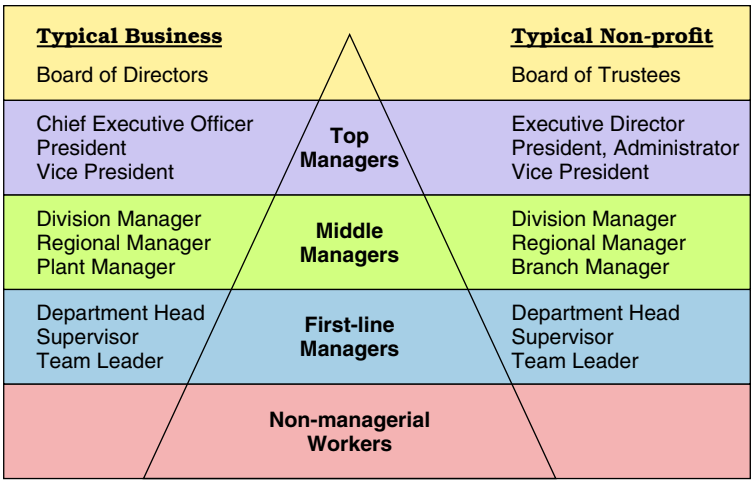


FIGURE 1.3 Management levels in typical business and non-profit organizations.

responsible for the performance of an organization as a whole or of one of its larger parts. It is common to find the members of an organization's top management team referred to as part of the *C-suite*.

Top managers are supposed to set strategy and lead the organization in a way that is consistent with its purpose and mission. They should pay special attention to the external environment and be alert to potential long-run problems and opportunities. The best top managers are strategic thinkers able to make good decisions under highly competitive and even uncertain conditions. A CEO at Procter & Gamble once said the job of top managers is to "link the external world with the internal organization … make sure the voice of the consumer is heard … shape values and standards."[45]

Reporting to top managers are the **middle managers**, who are in charge of relatively large departments or divisions consisting of several smaller work units. Examples include clinic directors in hospitals; deans in universities; and division managers, plant managers, and regional sales managers in businesses. Job descriptions for middle managers may include working with top managers, coordinating with peers, and supporting lower-level team members to develop and pursue action plans that implement organizational strategies to accomplish key objectives.

A starting job in management typically involves serving as a **team leader** or supervisor—someone in charge of a small work group composed of non-managerial workers.[46] Typical job titles for these first-line managers include department head, team leader, and supervisor. The leader of an auditing team, for example, is considered a first-line manager, as is the head of an academic department in a university. Even though most people enter the workforce as technical specialists such as engineer, market researcher, or systems analyst, at some point they probably advance to positions of initial managerial responsibility.

Types of Managers

Many types of managers comprise an organization. **Line managers** are responsible for work that makes a direct contribution to the organization's outputs. For example, the president, retail manager, and department supervisors of a local department store all have line responsibilities. Their jobs in one way or another are directly related to the sales operations of the store. **Staff managers**, by contrast, use special technical expertise to advise and support the efforts of line workers. In a department store chain like Nordstrom or Hudson's Bay, the corporate director of human resources and chief financial officer would have staff responsibilities.

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. An example is a plant manager who oversees everything, including purchasing, manufacturing, human resources, finance, and accounting. In public or non-profit organizations, managers may be called **administrators**. Examples include hospital administrators, public administrators, and city administrators.

Managerial Performance

All managers help people, working individually and in teams, to perform. They do this while being personally accountable for results achieved. **Accountability** is the requirement of one person to answer to a higher authority for performance results in his or her area of work responsibility. This accountability flows upward in the traditional organizational structure (**Figure 1.4**). The team leader is accountable to a middle manager, the middle manager is accountable to a top manager, and even the top manager is accountable through corporate governance to a board of directors or board of trustees.

But what, you might ask, constitutes excellence in managerial performance? When is a manager "effective"? A good answer is that **effective managers** successfully help others achieve both high performance and satisfaction in their work. This dual concern for performance and satisfaction introduces **quality of work life** (QWL) as an indicator of the overall quality of human experiences at work. A "high-QWL" workplace offers such things as respect, fair pay, safe conditions, opportunities to learn and use new skills, room to grow and progress in a career, and the protection of individual rights and wellness.

Scholar Jeffrey Pfeffer considers QWL a high-priority issue of human sustainability. Why, he asks, don't we give more attention

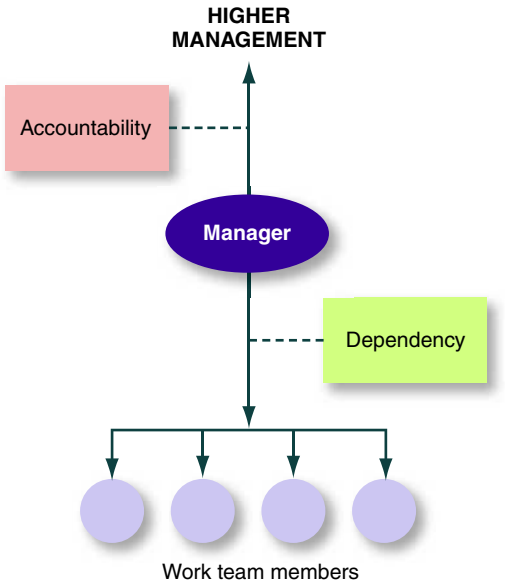


FIGURE 1.4 Accountability in the traditional organization.

to human sustainability and "organizational effects on employee health and mortality"?[47] What do you think? Should managers be held accountable not just for performance accomplishments of their teams and work units, but also for the human sustainability of those who work with and for them? In other words, shouldn't productivity and quality of working life go hand in hand?

Changing Nature of Managerial Work

Cindy Zollinger, president and CEO of Cornerstone Research, directly supervises more than 20 people. But, she says: "I don't really manage them in a typical way; they largely run themselves. I help them in dealing with obstacles they face, or in making the most of opportunities they find."[48] These comments describe a workplace where the best managers are known more for helping and supporting than for directing and order-giving. The words *coordinator*, *coach*, and *team leader* are heard as often as *supervisor* or *boss*.

The concept of the **upside-down pyramid** shown in **Figure 1.5** fits well with the changing mindset of managerial work today. Notice that the operating and front-line 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 aren't just order-givers; they are there to mobilize and deliver the support others need to do their jobs best and serve customer needs. Sitting at the bottom are top managers and C-suite executives; their jobs are to support everyone and everything above them. The upside-down pyramid view leaves no doubt that the entire organization is devoted to serving customers and that the job of managers is to support the workers who make this possible.

Learning Check

LEARNING OBJECTIVE 1.3 Discuss what it means to be a manager.

Be Sure You Can • 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

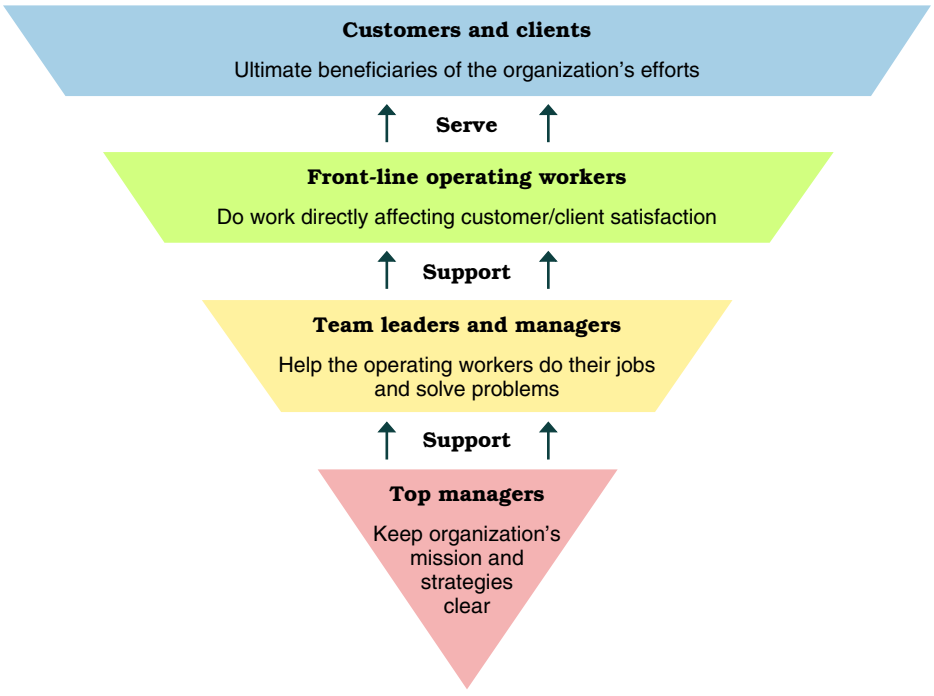


FIGURE 1.5 The organization viewed as an upside-down pyramid.

1.4 The Management Process

LEARNING OBJECTIVE 1.4

Explain the functions, roles, and activities of managers.

Learn More About

Functions of management • Managerial roles and activities • Managerial agendas and networks

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. This is accomplished through the four **management process** functions of planning, organizing, leading, and controlling.

Functions of Management

All managers, regardless of title, level, type, and organizational setting, are responsible for the four management functions shown in **Figure 1.6**. These functions are continually engaged in as a manager moves from task to task and opportunity to opportunity in his or her work.

Planning **Planning** is the process of setting performance objectives and determining what actions should be taken to accomplish them. Through planning, a manager identifies desired results—goals and objectives, and ways to achieve them—action plans.

There was a time, for example, when top management at EY (previously Ernst & Young) became concerned about the firm's retention of female professionals.[49] Then-chairman Philip A. Laskawy launched a diversity task force with the planning objective to reduce turnover rates for women. When the task force began its work, this turnover was running some 22 percent per year, and it cost the firm about 150 percent of a departing employee's annual salary to hire and train each replacement. Laskawy considered this performance unacceptable and put plans in place to improve it.

Organizing Once plans are set, they must be implemented. This begins with **organizing**, the process of assigning tasks, allocating resources, and coordinating the activities of individuals and groups to accomplish plans. Organizing is how managers put plans into action by defining jobs and tasks, assigning them to responsible persons, and then providing support such as technology, time, and other resources. One Canadian company's innovative way of organizing employee time is discussed in Management Is Real 1.4.

Many organizations are being recognized for the plans they are making and the steps they are taking to build diverse and inclusive workplaces. For instance, the William Osler Health System in Brampton, Ontario, was recently recognized as one of Canada's best diversity employers. Its Diversity Advisory Council rotates co-chairs in order to increase engagement and share additional diverse perspectives. Seventy employees volunteer as diversity champions who are responsible for adopting diversity and equity best practices. Most recently they created a multidisciplinary LGBTQ2+ advisory group with both clinical and non-clinical staff to develop guidelines for working with and caring for LGBTQ2+ communities. They also have diversity programs for people with disabilities, members of visible minorities, LGBTQ2+ newcomers, and members of linguistic, cultural, and religious minorities.[50]

Leading **Leading** is the process of arousing people's enthusiasm and inspiring their efforts to work hard to fulfill plans and accomplish objectives. Managers lead by building commitments to a common vision, encouraging activities that

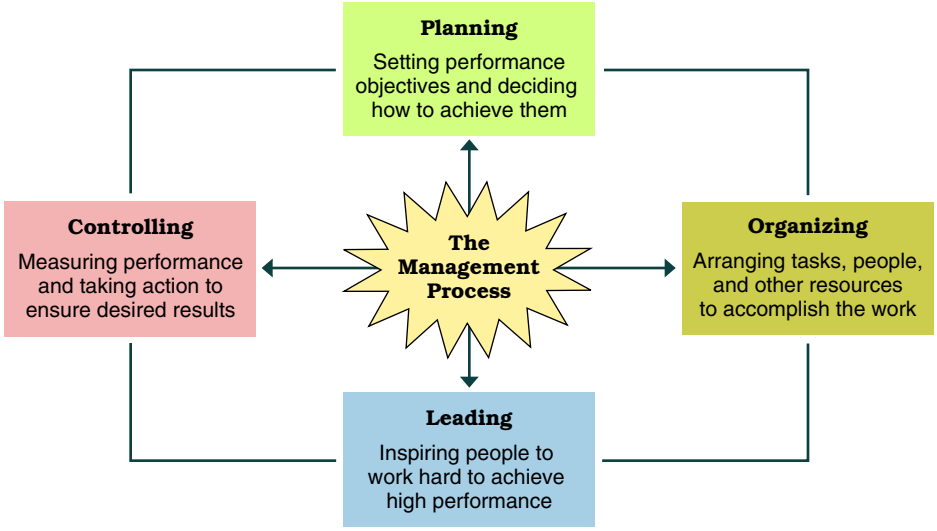


FIGURE 1.6 Four functions of management—planning, organizing, leading, and controlling.