

# FUNDAMENTALS OF MANAGEMENT

SEVENTH CANADIAN EDITION

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# Preface

Welcome to the seventh Canadian edition of *Fundamentals of Management*, by Stephen P. Robbins, David A. DeCenzo, Mary Coulter, and Ian Anderson. This edition continues the textbook's fresh approach to management coverage through

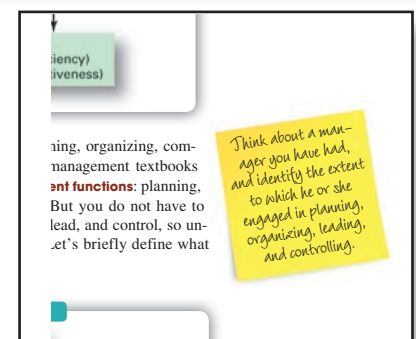
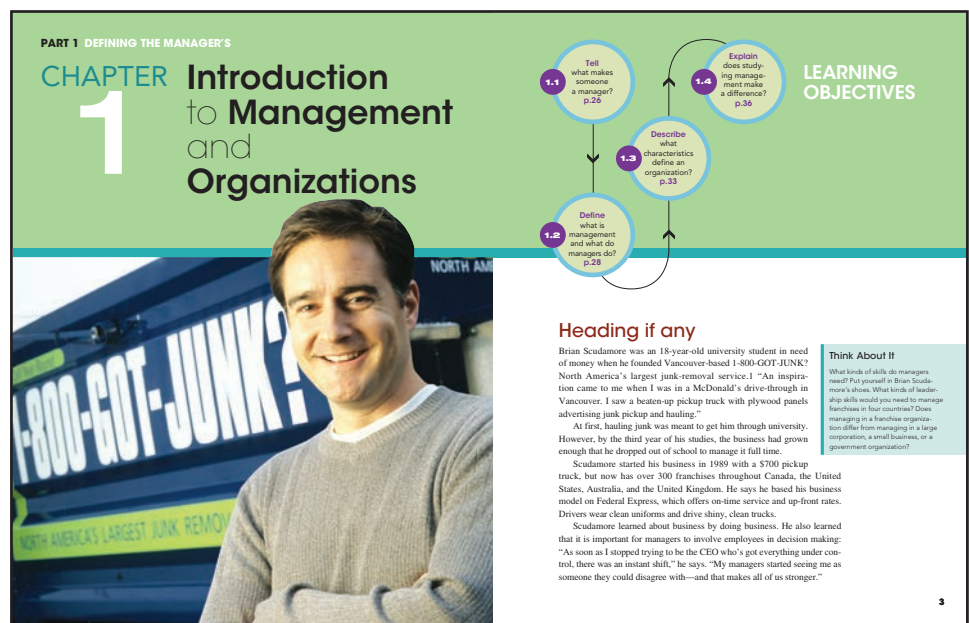
- current and relevant examples
- updated theory
- a new pedagogically sound design

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

## CHAPTER PEDAGOGICAL FEATURES

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

- Learning objectives to guide student learning begin each chapter. These questions are repeated at the start of each major chapter section to reinforce the learning objective.
- An opening case starts the body of the chapter and is threaded throughout the chapter to help students apply a story to the concepts they are learning.
- *Think About It* questions follow the opening case to give students a chance to put themselves in the shoes of managers in various situations.
- Integrated questions (in the form of yellow notes) throughout the chapters help students relate management to their everyday lives
- *Tips for Managers* boxes provide “take-aways” from the chapter—things that managers and would-be managers can start to put into action right now, based on what they have learned in the chapter.



## END-OF-CHAPTER APPLICATIONS

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

- The *Summary of Learning Objectives* provides responses to the outcome-based questions identified at the beginning of each chapter. Accompanying this feature is a *Snapshot Summary* box that provides a quick look at the organization of the chapter topics.
- The *MyManagementLab Learning Resources* table provides a synopsis of all of the tools found on the MyLab.
- *Interpret What You Have Read* allows students to review their understanding of the chapter content.
- *Analyze What You Have Read* helps students see the application of theory to management situations.
- *Assess Your Skills* gives students an opportunity to discover things about themselves, their attitudes, and their personal strengths and weaknesses. Each chapter includes one self-assessment exercise that students can fill out and refers students to the MyManagementLab website where they can access additional interactive self-assessment exercises.
- *Practise What You Have Learned* lets students apply material to their daily lives as well as to real business situations related to the chapter material, helping them see that planning, leading, organizing, and controlling are useful in one's day-to-day life too. This feature includes several exercises, such as the ones described below:
  - *Dilemma* presents an everyday scenario for students to resolve using management tools.
  - *Becoming a Manager* provides suggestions for students on activities and actions they can do right now to help them prepare to become a manager.
  - *Developing Your Diagnostic and Analytical Skills* asks students to apply chapter material to analyze a case.
  - *Developing Your Interpersonal Skills* emphasizes the importance of communication and interaction skills.
- *Team Exercises* gives students a chance to work together in groups to solve a management challenge and includes two new exercises: *3BL: The Triple Bottom Line* and *Be the Consultant*. Both of these exercises were added to the seventh Canadian edition in order to increase the sustainability component of the text and to give students more of a hands-on perspective into consulting.
- The *Business Cases* are decision-focused cases that ask students to determine what they would do if they were in the situation described.

## MYMANAGEMENTLAB

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

**SUPPLEMENT 1**

### TIPS FOR MANAGERS

**Fayol's 14 Principles of Management**

- **Division of work.** Specialization increases output by making employees more efficient.
- **Authority.** Managers must be able to give orders, and authority gives them this right.
- **Discipline.** Employees must obey and respect the rules that govern the organization.
- **Unity of command.** Every employee should receive orders from only one superior.
- **Unity of direction.** The organization should have a single plan of action to guide managers and employees.
- **Subordination of individual interests to the general interest.** The interests of any one employee or group of employees should not take precedence over the interests of the organization as a whole.
- **Remuneration.** Employees must be paid a fair wage for their services.
- **Centralization.** This term refers to the degree to which subordinates are involved in decision making.
- **Scalar chain.** The line of authority from top management to the lowest ranks is the scalar chain.
- **Order.** People and materials should be in the right place at the right time.
- **Equity.** Managers should be kind and fair to their subordinates.
- **Stability of tenure of personnel.** Management should provide orderly personnel planning and ensure that replacements are available to fill vacancies.
- **Initiative.** Employees who are allowed to originate and carry out plans will exert high levels of effort.
- **Esprit de corps.** Promoting team spirit will build harmony and unity within the organization.

# 1

## Review and Apply

### Summary and Implications

**1** What makes someone a manager? Managers work with and through other people by coordinating employee work activity in order to accomplish organizational goals. Managers may have personal goals, but management is not about personal achievement—it's about helping others achieve for the benefit of the organization as a whole.

As we saw with Brian Scudamore, he sees his role as a cheerleader to help everyone in the organization do a better job.

**2** What is management and what do managers do? Management is coordinating work activities of people so that they are done efficiently and effectively. Efficiency means "doing things right" and getting things done at the least cost. Effectiveness means "doing the right things" and completing activities that will help achieve the organization's goals. To do their jobs, managers plan, organize, lead, and control. This means they set goals and plan how to achieve those goals; they figure out what tasks need to be done, and who should do them; they motivate individuals to achieve goals, and communicate effectively with others; and they put accountability measures into place to make sure that goals are achieved efficiently and effectively.

In Brian Scudamore's role as CEO of 1-800-GOT-JUNK? he sets the goals for the overall organization, working with the various functional partners. One of the challenges he faces is determining how rapidly his company can expand without diluting its brand.

**3** What characteristics define an organization? There is no single type of organization. Managers work in a variety of organizations, both large and small. They also work in a variety of industries, including manufacturing and the service sector. The organizations they work for can be publicly held (meaning shares are traded on the stock exchange and managers are responsible to shareholders), privately held (meaning shares are not available to the public), public sector (where the government is the employer), or nonprofit (where the emphasis is on providing charity or services rather than on making a profit).

Brian Scudamore owns his company and thus is ultimately responsible to himself. Most managers report to someone else.

**4** Does studying management make a difference? There are many reasons why students end up in management courses. Some of you are already managers and are hoping to learn more about the subject. Some of you hope to be managers someday. And some of you might not have ever thought about being managers. Career aspirations are only one reason to study management, however. Any organization you encounter will have managers, and it is often useful to understand their responsibilities, challenges, and experiences. Understanding management also helps us improve organizations.

### SNAPSHOT SUMMARY

<b>1-1</b>	<b>Who Are Managers?</b> Types of Managers
<b>1-2</b>	<b>What Is Management and What Do Managers Do?</b> Efficiency and Effectiveness Management Functions Management Roles Management Skills
<b>1-3</b>	<b>What Is an Organization?</b> The Size of Organizations The Types of Organizations
<b>1-4</b>	<b>Why Study Management?</b> The Universality of Management The Reality of Work Self-Improvement

MyManagementLab For more resources, please visit [www.pearsonglobal editions.com/mymanagementlab](http://www.pearsonglobal editions.com/mymanagementlab)

**MyManagementLab Learning Resources**

### Resources

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

- Student PowerPoints
- Audio Summary of Chapter
- Annotated Exhibits
- CBC Videos for Part [X]
- MySearchLab

Test your progress with **Study Plan Pre-Tests and Post-Tests**. The Pre-tests help identify chapter concepts you've understood, and guides you to study tools for the areas in which you might need a little more practice. The Post-tests confirm your mastery of the chapter concepts.

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

#### Interpret

- Opening Case Activity: What Does Planning Involve?
- Review and Apply: Solutions to Interpret section questions and activities
- Glossary Flashcards
- Chapter Quiz

#### Analyze

- Opening Case Activity: Strategic Planning of Maple Leaf Foods
- Review and Apply: Solutions to Analyze section questions and activities
- Management Skills
- Management Mini-Case for Chapter X
- ROLLS: [Insert relevant questions and activities here]
- Self-Assessment Library: [Insert relevant question sections here]

#### Practice

- Opening Case Activity: Appraise Maple Leaf Foods' Strategic Situation
- Review and Apply: Solutions to Practice section questions and activities
- BizSkills Simulations: [Insert simulation title(s) here]
- Decision Making Simulations: [Insert simulation title(s) here]



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

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

## A Message from our MyManagementLab Author Team

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

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

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

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

To these ends we have

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

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

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

## Study on the Go

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

# ScanLife

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

# NeoReader

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

## QuickMark

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

## NEW TO THE SEVENTH CANADIAN EDITION

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

## Case Program

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

- End of Chapter Cases

At the end of each chapter we offer brief, chapter-specific cases in the *Practice What You Have Learned* and *Business Cases* sections. These cases include a variety of open-ended questions for classroom discussion or small-group assignment.

- End of Part Cases

For more dynamic case presentation, we have provided two video

cases at the end of each part, for a total of 10 cases. The cases are based on high quality videos that range in length from 3 to 18 minutes. They focus on several management issues within a part and include a set of all new objectives-based questions. Sandra Wellman (Seneca College) carefully selected the videos and wrote the cases and questions to provide instructors with engaging material for their students. The videos are available on the MyManagementLab and in DVD format (ISBN 978-0-13-511763-7).

- Management Mini-Cases (MyManagementLab)

Hosted within MyManagementLab and tied to each chapter are a set of 12 Management Mini-Cases with associated



multiple-choice questions. These mini-cases are perfect for assignments, as the students' results feed directly into the MyManagementLab Gradebook.

- NEW Multi-Chapter Cases (MyManagementLab)

Hosted within MyManagementLab and prepared by the textbook author, Ian Anderson, are three NEW, medium-length, multi-chapter cases for Parts 2 (Planning), 3 (Organizing) and 4 (Leading). Assessments for these multi-chapter cases include online multiple-choice and short-answer questions.

## CHAPTER-BY-CHAPTER HIGHLIGHTS

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

### Chapter 1

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

### Supplement 1

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

### Chapter 2

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

### Chapter 3

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

### Chapter 4

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

### Chapter 5

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

### Chapter 6

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

### Chapter 7

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

### Chapter 8

- New material on the difference between managers and leaders
- New material on female leaders

- New *Tips for Leaders* material
- New EOC material (*Networking*, *3BL*, *Business Cases*, revised *Becoming a Manager*, etc.)

### Chapter 9

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

### Chapter 10

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

### Chapter 11

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

### Chapter 12

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

## SUPPLEMENTS

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

- Instructor's Manual (includes video teaching notes, detailed lecture outlines, and suggestions on how to integrate the MyManagementLab material into your course), prepared by Floyd Simpkins of St. Clair College and Amanda Bickell of Kwantlen Polytechnic University
- PowerPoint Slides, prepared by Floyd Simpkins of St. Clair College and Amanda Bickell of Kwantlen Polytechnic University
- MyTest, prepared by Floyd Simpkins of St. Clair College and Amanda Bickell of Kwantlen Polytechnic University
- Video cases (available in DVD format (ISBN 978-0-13-511763-7) and on the MyManagementLab), prepared by Sandra Wellman of Seneca College

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Thank you to Floyd Simpkins and Amanda Bickell for developing new features and resources in MyManagementLab and making it more integrated with the textbook in this edition, and to Sandra Wellman for selecting and writing the new video cases. Finally, I would like to thank the reviewers of this textbook for their detailed and helpful comments:

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 Robert Willis, Vancouver Island University  
 Michael Pearl, Seneca College  
 Foster Stewart, SAIT  
 Horatio Morgan, Ryerson University  
 Michael Hobeck, Nova Scotia Community College

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

Ian Anderson  
 August 2012



# About the Authors

**STEPHEN P. ROBBINS** received his Ph.D. from the University of Arizona. He previously worked for the Shell Oil Company and Reynolds Metals Company and has taught at the University of Nebraska at Omaha, Concordia University in Montreal, the University of Baltimore, Southern Illinois University at Edwardsville, and San Diego State University. He is currently professor emeritus in management at San Diego State.

Dr. Robbins's research interests have focused on conflict, power, and politics in organizations, behavioral decision making, and the development of effective interpersonal skills. His articles on these and other topics have appeared in such journals as *Business Horizons*, the *California Management Review*, *Business and Economic Perspectives*, *International Management*, *Management Review*, *Canadian Personnel and Industrial Relations*, and *The Journal of Management Education*.

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

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



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

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



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



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

When she's not busy writing, Dr. Coulter enjoys puttering around in her flower gardens, trying new recipes, reading all different types of books, and enjoying many different activities with Ron, Sarah and James, Katie and Matt, and especially with her new granddaughter, Brooklynn. Love ya'my sweet baby girl!



**IAN ANDERSON** received his Bachelor of Business Administration from the University of Regina, including studies at the University of Ottawa. Before commencing his college teaching career, he was the Director of HR for a large Ottawa-based IT company. Ian is also an HR and Management consultant with Association Management, Consulting & Educational Services (AMCES) and has been actively consulting for more than 25 years. At Algonquin College, Ian is a Professor and Coordinator in Marketing and Management Studies, and coaches students in business case and college marketing competitions.

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