The Context of Business: Understanding the Canadian Business Environment

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Preface

There is much to be proud of with regard to the Canadian business sector. According to many observers, Canada is poised to earn a distinguished reputation on the world scene. In fact, Canada has been consistently cited in the media as “one of the best countries to do business in.” Recently *Forbes* ranked Canada fifth overall in the world for business, based on such factors as low corporate tax rates and one of the most stable banking systems.

Beyond its economic stability, Canada is also reputed for its world-class university system, which is much more affordable than most privately funded colleges in the United States. In turn, Canada is known for its ability to attract and retain a highly educated workforce. Our strong business reputation is also based on having among the highest investment rates in education as a percentage of its GDP. Its enviable status is also based on comparatively low poverty and crime rates.

The positive climate for business has also made this country a popular location for entrepreneurs. Based on a study conducted by management consulting firm Ernst & Young, Canada was ranked among the top five places in the world to start a business, given its strong entrepreneurial culture. The Ernst & Young report considered such factors as small business tax burden, access to financing, and intangibles such as the value placed on research and innovation as well as attitudes toward entrepreneurs in the business community.

There is no doubt that Canada is fast becoming a major player on the global scene. However, at the same time significant challenges exist. The last two decades have witnessed tremendous change and turmoil across our organizational landscape—from numerous bankruptcies of once-great Canadian companies to massive reductions in the workforce of many others to the growth in foreign ownership across corporate Canada. Is all this cause for concern or just the natural evolution of business? Are we headed for the best of times or the worst of times?

Indeed, what lies ahead for Canadian business? To address that question, we need to systematically examine the context of business and the factors that shape our business environment. To do so we must look both “inside” and “outside” of the corporate walls. That is, we need to consider key challenges and opportunities that exist within the boundaries of the organization, as well in the organization’s external environment.

The aim of this book is to help facilitate the following learning goals for students:

1. To examine the context within which all businesses operate. Specifically, we consider the internal context and the external context of business and the range of unique challenges and opportunities each possesses.
2. To obtain a deeper understanding of the nature of the Canadian business environment. What differentiates Canada from other business environments? What are the major strengths and weaknesses of Canada as a place to do business? What does the future hold for Canadian business?
3. To encourage critical thinking regarding the nature of business and its environment. This text presents a range of ideas, perspectives, and conceptual frameworks for identifying and analyzing key issues in the business environment.
4. To gain exposure to major voices and leading thinkers in the field of business and organizational studies. This book draws upon many ideas from a wide range of business scholars, experts, and practitioners.

The study of business is really about the study of society. It is an obvious fact that we are a society of organizations—from our hospitals to our schools to our multinational organizations, it is hard to imagine life without organizations. And, for better or worse, those very institutions and organizations that we have grown up with are continuing to undergo dramatic change. We need to understand where change is coming from and how organization’s can best respond to the changing business context.

*The Context of Business* takes the reader on a journey that explores the environment within which business operates—both within the Canadian context and within the global context. The reader will be introduced to a variety of perspectives, theories, and concepts that shed light on real business issues. While this text does introduce the reader to many fundamentally important business terms and concepts, our emphasis is on helping students develop analytical thinking skills. Our aim is to present ideas, frameworks for discussion, and concepts that students can use as tools to help analyze “what is going on out there” in the “real” business world.

We hope that *The Context of Business* takes you on an enriching journey into the environment of business. There is much to learn about Canadian business and, as you will see, there is also much to be proud of. As a current or prospective member of the Canadian workforce, you have every reason to be interested in what the future holds for Canadian business. We hope this book helps you think more critically and thoughtfully about what lies ahead.

Enjoy the journey!

Len Karakowsky
Natalie Guriel

**STRENGTHS AND FEATURES OF THIS TEXT**

This text differs in a number of significant ways from the typical introductory business textbook. There are at least three key areas of emphasis that distinguish this text, as outlined below.

**1. Emphasis on Critical Thinking Skills**

*The Context of Business* will be the foundation for an introductory course in business that first introduces students to the business environment—both internal and external. The aim of this text is to provide a critical examination of the nature of business organizations and the fundamental challenges that they face within the Canadian context. The central objective is to provide insight into the business environment in Canada while encouraging students to think critically about how organizations are managed and how business leaders confront current challenges. This emphasis on critical thinking skills may be what largely differentiates this book from many other introductory business textbooks.
Consequently, while we clearly set out descriptions necessary to understand the “mechanics” of business issues, ranging from the economic context to the political context, our aim is to engage students in a way that will stimulate them to think critically about these contexts. Students will be inspired to ask questions about how business operates and how the environment impacts business. We ask questions central to understanding what is “going on out there” in the Canadian business world, including: What kind of competition exists in Canada in different industries? How has the number of telecommunications companies impacted the consumer? Do government subsidies to business impact competitiveness in Canada? What did the tragedy at Lac-Mégantic teach us about corporate social responsibility? These kinds of questions demand more than simply memorizing business jargon.

We believe that our approach in this text will help students better understand and appreciate the purpose behind their further studies in specific functional areas of business while also nurturing the skills they need to succeed in later courses.

2. Emphasis on Concept Application

Each chapter sets out clearly the learning objectives for that chapter. We believe that we have set challenging but achievable learning objectives for each chapter, and we have ensured our chapters provide all the information students require to engage in a thoughtful and informed analysis of each of the topics. Our fundamental aim is to get students to take business ideas, concepts, and frameworks and use them to make sense of business events and challenges.

In writing this book, we endeavoured to make fundamental business concepts “come alive” through the application of these concepts to important, real-world situations. This text includes a wealth of current business cases drawn from the popular press to help clarify ideas presented within each chapter. Specifically, each chapter begins with The Business World case, which reports on important, current, real-life business issues and themes that are explored within the chapter. The chapters are also filled with real-life business illustrations summarized within the Talking Business boxes. Interspersed throughout the text, these features often present current business news or situations that further explore the concepts discussed in the chapter in a real, applied way. These are ideal for class discussion and also offer media accounts that may differ from the authors’ perspectives of business happenings. Instructors may wish to use some of these as mini-cases for class discussion on a daily basis when a lengthier, end-of-chapter case is not assigned.

Each chapter also contains an end-of-chapter Case Application with questions. These cases are also drawn from the Canadian popular press and are intended to give students an opportunity to apply chapter concepts to real business contexts. We have used these kinds of cases in our own classes with much success. The cases are of relatively short length. While the cases are intended to focus on the material in the accompanying chapter, many of the cases in this book carry ramifications that spill over into several areas. However, we have found that the ability to integrate different concepts from different chapters takes time. Consequently, our focus was on building this skill by keeping the cases relatively focused, though certainly many of these cases could be revisited from different chapter perspectives. The Instructor’s Resource Manual provides suggestions and possible discussions relating to each of these cases.
3. Emphasis on “Real” Canadian Business Context

In addition to offering frameworks and principles central to an understanding of the context of business in general, we have endeavoured to provide an interesting and up-to-date presentation of relevant business events and business cases. We have made every effort to infuse this text with “real-life” illustrations. References are made to major business stories from across the globe. However, we are particularly interested in the Canadian context. Consequently, we focus on Canadian stories and give ample attention to current Canadian business policies and practices for the topics covered throughout this book. The end-of-chapter cases are drawn from both Canadian and global contexts. And this text was authored by Canadian scholars—it is not a Canadian adaptation of a US text.

While this text relates ideas and theories drawn from the work of management scholars and management research, we are also concerned with relating ideas and issues voiced by practitioners and communicated through such popular press sources as Canadian Business, Globe and Mail, Fortune, Report on Business, and the Huffington Post.

End-of-Chapter Pedagogical Features

We have included discussion questions at the end of every chapter, ranging from short answer to essay-type responses. These questions provide various levels of challenge and will ensure students have understood the issues presented in the chapter. In addition, we have included multiple-choice questions. The Instructor’s Resource Manual provides suggestions and discussions for taking up all of these end-of-chapter questions.

Supplements

The following supplements are available for instructors:

Instructor’s Resource Manual. The Instructor’s Resource Manual includes chapter learning objectives, chapter outlines and summaries, discussion questions and answers for in-text features, as well as answers for the discussion and review questions.

Pearson MyTest. MyTest helps instructors easily create and print quizzes and exams with hundreds of questions, including multiple-choice, true/false, short answer, and essay questions. For each question we have provided the correct answer, a reference to the relevant section of the text, a difficulty rating, and a classification (recall/applied). MyTest software enables instructors to view and edit the existing questions, add questions, generate tests, and distribute tests in a variety of formats. Powerful search and sort functions make it easy to locate questions and arrange them in any order desired. Questions and tests can be authored online, allowing instructors ultimate flexibility and the ability to efficiently manage assessments anytime, anywhere, visit www.pearsonmytest.com.

PowerPoint Lecture Slides. Prepared by the authors, the PowerPoint presentations are colourful and varied, designed to hold students’ interest and reinforce each chapter’s main points.

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