

# Transition To Management For The Economic Development Practitioner

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*Frank was the Industrial Developers Association of Canada 1988 Conference Chairman whose theme was - "The Importance of Trade - Internationally and Interprovincially".*

*As part of the University of Waterloo and the Industrial Developers Association of Canada's (IDAC) pre-conference seminar in Montreal in September, 1987, the author co-ordinated a three day seminar which studied parts of the management process that related to economic development officers (EDO).*

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**T**he Economic Development professional fills many roles within a community. As the professional matures, and organizations with an economic development component increase in number and

complexity, there are growing numbers of economic development officers whose function is primarily in management.

The intensive three day seminar helped EDOs cope with the complex demands of their job, increased their effectiveness, and helped them become a more valuable employee to their community. Very few programs available assist the professional in making the transition to management; in fact, most professionals lack basic management principles.

Several topics were discussed whose themes addressed the overall theme of Transition to Management.

## Introduction

The overall purpose of management is to communicate a fundamental understanding of formal organizations - profit and non-profit, small and large - and their effective management. By effective management I mean managing in a way that best enables the organization as a whole to develop and attain objectives. Attaining this goal requires managers to make efficient use of all available resources, to make the organization responsive to its environment, and to enable individuals to see a positive relationship between the organization's objectives and their own. The effective manager takes situational differences into account and recognizes that even the most desirable course of action usually has some negative consequences. The effective manager is pro-active, anticipating the future and preparing for it, rather than reactive.

The field of management is so broad that the three day seminar, no matter how intensive it was, did not cover the entire spectrum of the management processes. The seminar contents took an eclectic approach to management by integrating the most useful, influential, and widely accepted contributions from all major schools and approaches. The purpose for this was to provide the manager and would-be manager to be fully cognizant of the various management tools and techniques in the field of economic development.

Instead of using a particular school of thought to unify the seminar's discussions, I stressed the need to consider the situation as a whole when making management decisions. Throughout the seminar lecturers pointed out that the manager should always consider the interrelationships between parts of an



organization (its internal variables), and that any decisions affect all aspects of the organization in some way. This is not a purely top management perspective. My aim, rather, was to make the seminar participant a more effective manager at any level in the organization by helping him or her understand the factors involved in making genuinely effective decisions.

The seminar covered essentially the same topics that most well known texts do, with the exception of the managing a volunteer or political organization in the field of economic development.

### **Management Concepts And Principles**

Professor Irene Devine from Concordia University outlined six major principles which the manager must undertake before making a decision. They are as follows:

1. Planning
2. Organizing
3. Leading
4. Controlling
5. Measurement
6. Feedback

### **Planning**

Planning is probably one of the most important functions because it sets the pattern for the other activities to follow. Planning activities usually encompass four elements:

1. Evaluating environmental forces and organizational resources;
2. Establishing a set of organizational goals;
3. Developing strategies and plans to achieve the stated goals;
4. Formulating a decision-making process.

While these elements are not all-inclusive, they do capture the essence of the planning phase.

### **Organizing**

Once management has established goals and developed plans to achieve these goals, emphasis is placed on designing and developing an organization that can successfully implement the stated plans. It is important to recognize that various goals will require different kinds of organizations.

Three elements are essential to organizing:

1. Developing the structure of the organization;
2. Acquiring and training human resources;
3. Establishing communication patterns and networks.

### **Leading**

After the organization's goals and plans have been formulated and the issues of structure and staffing have been resolved, the next step is directing the human resources toward attaining the stated goals. The essential function of leading, directing, or motivating is getting the organization's employees to perform in ways that will assist in achieving the defined goals.

Four components make up the leading function:

1. Motivating employees;
2. Influencing employees to perform;
3. Forming effective groups;
4. Improving job performance.

As can be seen, the focus of the leading function is on the individual employee as well as on the interrelationships between employees in groups.

### **Controlling**

The major objective of the control function is ensuring that the organization is in fact moving toward achieving the formulated goals. Three basic components constitute the control function:

1. Elements of a control system;
2. Evaluating and rewarding employee performance;
3. Controlling financial, information, and physical resources.

An effective control function allows the manager to know whether the organization's performance is on target or if corrective actions are required to meet performance standards.

To accomplish this, the overall organizational goal is translated into performance standards (control system elements) by establishing individual goals and a formal performance evaluation system to rate the extent to which the goals have been accomplished. Depending on their performance, employees are given rewards such as pay increases and promotions. If performance is consistently below standard, a decision to terminate employment may have to be made (evaluating and rewarding employee performance). Next, a formalized (usually computer based) reporting system is developed. Frequently called a management information system (MIS), it is used to collect data and report organizational performance in such terms as financial indicators, adherence to scheduled deadlines, and the degree of utilization of the organization's resources. Attention is given to the important non-behavioral aspects of organizational performance,



such as cost analysis, budgeting, production, inventory, quality control, etc. (controlling resources).

Measuring what has actually been accomplished and comparing to what was anticipated is an integral part of the planning process of controlling the organization's objectives.

Feedback greatly improves the chances of communicating effectively. Feedback can make major contribution of the effectiveness of managerial communication. Information which has been translated in organizational goals and objectives must be controlled to receive feedback on their success or lack thereof. If the feedback of the objectives is understood, believed, assimilated and accepted, the feedback process will be positive. However, if the manager does not allow for the receiving of feedback, he will find his/her managerial effectiveness severely limited.

### **Human Resources Management**

The human resource process consists of human resource planning, recruitment, selection, orientation, training and development, performance evaluation, rewards, and separations. These components serve as the starting point for the human resource process.

1. Human resource planning involves the analysis of at least the following points: what does the organization want to do (i.e. goals and strategies); what are the significant labour forces and legal trends that can impinge on this organization; and, what is our present state of evaluation with respect to our human resources? By responding to these issues, managers can have a good start in identifying the organization's human resource needs now and in the future. Of particular concern for managers at this stage is the growing body of laws regulating the human resource process. Beginning with the Civil Rights Act, managers are continually being faced with issues regarding the legalities of the organization's human resource activities.
2. Recruiting involves the twofold process of securing people and insuring that they stay in the organization. Beyond the growing variety of recruiting sources, the issue of realistic recruiting is of particular concern to the manager. Unless a true picture of the organization is given, the possibility of increased turnover may develop.
3. Selection is a process that concerns establishing criteria for the job, interviews, testing, reference checks, and the like. The selection of managers requires a special emphasis by the organization because of the key role that managers play in the survival of the organization. Particular emphasis is placed on the individual's potential, past performance, and the evaluation of extensive

interviews. Management assessment centres have been given increased attention during the past few years.

4. Orienting the new employee to the organization must go beyond the simple induction activities. The process of socialization - learning the ropes - is an activity that is undergoing a significant revision in many of today's organizations. The effectiveness of the unlearning and relearning phases of socialization can have a tremendous impact on the employee's subsequent performance.
5. The training and development stage of the human resource process is one of the most important. It is at this stage that the key managerial skills and roles are learned. Organizations use a wide variety of methods and techniques to train and develop their managers and non-managerial employees; by far the most used and successful relate to job rotation and on-the-job training. The important function of mentoring also can be used to impart new skills to the manager.
6. Many human resource issues face today's manager. Among them are the growing importance of women in management and staffing the international operation. These and others will continue to make the human resource aspect of the manager's job much more complex.

### **Interpersonal Communication**

Of all the activities and functions that are performed by the Economic Development Manager, none takes up more time than interpersonal communication.

1. The interpersonal communication process involves a sender, a message sent through a channel, and a receiver. The process can be one way or two way in nature. While one-way takes less time, it is less accurate than two-way communication. An important part of two-way communication is the feedback given to the sender. Whether informational, corrective, or reinforcing, feedback is extremely important given the growing complexity and dynamism of today's organizations.
2. Three main types of communication are found in most organizations: verbal, written, and nonverbal. It is important for managers to recognize that in trying to communicate a message, it is a wise strategy to use more than one form of communication. Examples include following up a conversation with a phone call or asking for comments on a memo or report during a face-to-face interaction.
3. One of the most popular ways of presenting a manager's interpersonal communication style is the Johari Window. The major dimensions of the model,



exposure and feedback, relate to how the manager provides and receives information from others. The key point is that one should not stress one dimension over another: effectiveness is a function of the maximum use of both exposure and feedback.

4. Interpersonal communication does not occur without problems or barriers. Four of the main barriers include perceptual errors, language, filtering, and information overload. Overcoming these errors involves a combination of training, experience, guidance, and practice.

### **Motivation As A Leadership Tool**

Managers in all types of organizations are continually faced with the fact that vast differences exist in the performances of individual employees. Some employees always perform at high levels, need little or no direction and appear to enjoy what they are doing. Other employees perform only at marginal levels, require constant attention and direction, and are often absent. The reasons for these differences in performance are varied and complex, involving the nature of the job, the behaviour of the manager, and the characteristics of the employee. At the core of each of these aspects is motivation.

Managerial approaches to motivation have existed for many decades. The work of Taylor in scientific management and McGregor's theory X and theory Y represent contrasting views of how to motivate employees. These early approaches, however, lacked the specificity and concrete suggestions that are needed by managers in today's complex world. More comprehensive approaches were needed.

There are four contemporary approaches to motivation. These approaches are classified into two broad categories that correspond to the definition of motivation. Two approaches - Maslow's need hierarchy and Herzberg's two-factor theory - are classified as content approaches, since they concern those factors that energize or arouse motivated behaviour. The approaches that deal with the direction of motivated behaviour - Vroom's expectancy theory and Skinner's reinforcement theory - are known as process approaches.

### **Content Approaches**

Maslow's need hierarchy theory was one of the first scientifically based approaches to the study of motivation in organizations. It is a content theory that considers factors. People are motivated to satisfy these needs. The five levels of needs - physiological, safety, social, ego, and self-actualization - indicate to the manager how mature an individual's motivation process is at that time. While it is not a complete motivation theory, it strongly suggests that managers

must be aware of employee needs because these elements usually start the motivation process.

Another content theory, Herzberg's two-factor theory, suggests that needs can be classified as hygiene factors or motivators. Aspects such as pay, fringe benefits, and working conditions do not motivate employees; only those factors that relate to the job - challenge, responsibility, and advancement - act as motivators. A manager accepting this approach would try to improve motivation by making changes in the employee's job. However, a number of significant shortcomings exist in the theory, which make its acceptance by managers a tenuous proposition.

### **Process Approaches**

Expectancy theory stresses the importance of both arousal factors and analysis of the direction of motivated behaviour. According to the theory, employees will be motivated to adopt behaviour that will lead to valued rewards. By clarifying and strengthening effort-to-performance, and performance-to-reward relationships, the manager can have a significant impact on a worker's behaviour.

Reinforcement theory emphasizes that motivation is a learned behaviour. If a valued reward is given for following a managerial directive, then the employee will probably repeat that motivated behaviour the next time a similar directive is given. Positive reinforcement coupled with a variable schedule of reinforcement has been found to influence motivation the strongest. Punishment, when used properly, can eliminate undesired behaviour; however, the employee must be told what to do right, not just what was done incorrectly.

While motivating employees is an important human skill, conceptual and diagnostic skills are also important. The Economic Development Manager is the key element in motivating subordinates. The manager assigns the work, recognizes the needs of subordinates, guides the work, evaluates it, and rewards it - all of which involves the motivation process.

### **Managing Volunteer And Political Organizations**

Although administratively distinctive, the working with and managing of volunteers and politicians are relatively similar. The EDO's underlying premise to successful economic development management is to educate and constantly update the volunteer or politician.

Presenting case studies from four different experiences were Joe Montgomery from Ontario and Paul Daigle, from New Brunswick, who discussed working with volunteers, and Doug Leighton and John Morand, both from Ontario, enlightened the participants on how to deal with politicians.



In all cases the EDO has to be instrumental in establishing a spirit of co-operation, helping to establish an acceptable plan of action and working through the special demands of the various individuals. Moreover, the challenge to most EDOs is largely to instill new thinking and a renewed sense of purpose and direction in an organization which reflects the circumstances and opportunities in the economy.

Politicians are very co-operative when EDOs maintain a good line of open communication. They become supportive when EDOs make their job easier by helping them to make decisions which are politically viable. Their long term goal is to be re-elected. With this in mind, the EDO should advise and apprise the politician of all aspects concerning development in their particular ward or city. Of paramount importance is the Mayor who should be kept up-to-date on all aspects concerning the various developments in the community.

The management concept of "managing by wandering around" is extensively used. Its purpose being to acquaint oneself with the politician/volunteer on a personal basis. For example, inviting the politician or volunteer for lunch, fishing, or a poker game can help create a more friendly and trusting relationship which may lead in understanding the EDO's program's objectives and increase the possibility of supporting the EDO's budget and/or programs during Council presentation.

Examples of politicians/volunteers not supporting the EDO during Council presentations may cause some friction and animosity, even though the EDO feels he/she has lobbied to gain their confidence and friendship. The politician/volunteer might oppose what the EDO is proposing to Council/Board for economic, social or political reasons. The EDO must respect that decision and continue to work closely with them to strengthen the bond created earlier.

Everyone has their own agenda which oftentimes is unclear. The EDO should try to explore and understand the politician/volunteer's agenda and work around or in unison with them to support their goal. This form of management is what I referred to as "lateral insight". Consideration of one's agenda and supporting it will in most cases help the EDO achieve his/her own agenda.

## Conclusions

The responsibility of management is to oversee and co-ordinate the business activities of an organization with a view to meeting the organization's objectives. Without co-ordination, these activities would be ineffective and unproductive.

Management varies widely in its complexity. Managing a simple task may consist of little more than receiving, sorting and communicating information.

More complex managerial undertakings may require technical knowledge, and understanding of world markets and an appreciation for the company's communication network. Regardless of the complexity, effective management consists of planning (such as tomorrow's work, staff vacations, budgeting, product scheduling, company product lines or growth patterns during the next five years); organizing (people, materials, time and jobs); leading (or supervising); and controlling the flow of information (to ensure that events will conform to plans).

The successful manager must have the following qualities:

1. Recognize a problem;  
Analyze the facts;  
Propose alternatives and implement solutions.
2. Communicate effectively with co-workers;
3. Provide leadership;
4. Motivate people;
5. Delegate responsibilities;
6. Plan for the future and devise strategies for reaching goals.

The EDO who will follow these basic six steps will be a successful manager.