



## **“The Forgotten Manager”: An analysis of the role and functions of the salaried manager in small business**

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### **Abstract**

The role of salaried managers in small business has been largely by-passed and forgotten within management literature. Studies usually focus on the small business owner/manager or entrepreneur rather than the salaried manager. This is a problematic omission as salaried managers are sandwiched between the owner/manager and the employees. Salaried managers make business decisions, advise the owner, implement policy, direct work, supervise workers, and assist the business owner in keeping the ‘small business coalition’ afloat.

In a small business, the owner or owner/manager is the ultimate decision maker and their decisions will directly affect the operation and revenues of the business and these may impact on their lifestyle (Culkin and Smith, 2000, pp. 145-157; Chell, 2001, p. 123). Therefore, for small business owners or owner/managers decision making can be ‘personal’ rather than necessarily ‘rational’. However, salaried managers (those who are employed for their management skills but do not own the business) are often employed in small business when responsibilities for functional areas such as marketing, finance, accounting, production or simply supervision are beyond the scope of the small business owner or owner/manager, and where a revenue stream is sufficient to support managerial appointment has been reached (Burns, 1996, pp. 61-66).

Salaried managers in small businesses will often undertake a wider range of tasks than managers in large businesses given the smaller range of human and physical resources available in small firms. As a result, salaried managers in small business can enjoy opportunities for more autonomy, responsibility and have a greater potential for recognition of their work than salaried managers in big business (Goffee and Scase, 1995, p. 29). Salaried managers operate from a position of delegated authority, and while their decision making should support the achievement of organizational goals, it will also be influenced by the owner or owner/manager’s views, goals and preferences: after all it is their business. Friedrich’s (1950, p. 49) ‘rule of anticipated reaction’ is useful in helping to explain salaried managers’ decision making in small business.



This paper explores the role of the salaried small business manager and how management literature has largely forgotten this important decision making position in small business. In particular, I argue that salaried managers contribute significantly to the operation of small business in Australia and that more discussion and research is necessary to better understand this influential management class.

In this paper a salaried manager is first defined and then placed within the work hierarchy of the small firm. Second, it is shown that salaried managers do not generate much attention, or at best are given a cursory consideration in existing literature. Third, the assumption that owners of small business carry out the dual role of owner and manager is challenged and it is argued that in many small businesses the positions are separated. Fourth, the paper offers some explanations as to why salaried managers in small business have been overlooked in management writing and offers some suggestions for future research in this area.

## REFERENCES

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