Chapter 1 - Management and Its Evolution

Chapter Overview

This chapter provides students with an overview of the field of management. The chapter begins with a discussion of what management is and the different types of managers. Then, the different management functions are explored as well as ideas that have influenced the field of management.

Chapter Objectives

1. Understand the challenges organizations face in the new millennium.

2. Specify the functions and roles of successful managers.

3. Explain the origins of management as an academic discipline.

4. Describe the bureaucratic and administrative approaches to the study of management.

5. Explain the behavioral perspective in analyzing management issues.

6. Interpret recent approaches to the study of management.

Outline

I. Management in the New Millennium

Three issues dominate management in the 21st century.

1. Management of change - involves coping with and adapting to continuous rapid change in the environment within which the firm operates.

2. Importance of customer service for organizations where customers are defined to include anyone who receives a service from an employee.

3. Emphasis on business ethics and the need to ensure that appropriate standards and values are in place.

4. There are three levels of managers

   a) Strategic managers - senior executives with overall responsibility for the firm.

   b) Tactical managers - responsible for implementing the directives of strategic managers.

   c) Operational managers - responsible for day-to-day supervision.
5. Today’s managers are more empowered than ever before and are encouraged to use their own expertise and ideas rather than relying on superiors to tell them what to do.

6. Firms, in an attempt to avoid the problems associated with functional areas and divisions, are increasingly relying on the use of teams.
   a) Cross-functional teams involve individuals from different parts of the organization while cross-disciplinary teams involve individuals with different backgrounds.

1. The Four Management Functions

   A. The four management functions are: planning and strategizing; organizing; leading; and controlling.

      1. **Planning** involves assessing the management environment to set future objectives and map out activities necessary to achieve those objectives.
      2. **Organizing** involves determining how the firm’s human, financial, physical, informational, and technical resources are arranged and coordinated to perform tasks to achieve desired goals.
      3. **Leading** is the function that energizes people to contribute their best individually and in cooperation with other people.
      4. **Controlling** measures performance, compares it to objectives, implements necessary changes, and monitors progress.

2. Managerial Roles

   A. Henry Mintzberg identified three major roles performed by managers
      1. **Interpersonal roles** – managers can be *figureheads, leaders, or liaisons* as they communicate with individuals within the firm and outside the organization.
      2. **Information roles** – managers can *monitor and disseminate* information.
      3. **Decisional roles** – managers can act as *entrepreneurs* to introduce change to the organization, *disturbance handlers* to take corrective actions, provide damage control, or respond to crises, *resource allocators* to assign people and other resources to the best tasks, or *negotiators* to reach agreements.

3. The Evolution of Management Thought

   A. Classical management ideas developed in the 19th and 20th centuries are still used by many organizations today.

4. Early Management Thought
A. Some of the earliest management ideas were presented 2,500 years ago by Sun Tzu who suggested that strategy required a long-term perspective, and that it was important to attack an opponent’s weaknesses and capitalize on one’s strengths.

B. Niccolo Machiavelli developed his ideas in the 16\textsuperscript{th} century. His ideas today are reflected by leaders who engage in manipulative and self-serving behaviors.

C. Adam Smith recognized the principle of the division of labor in the 18\textsuperscript{th} century. Smith claimed that a production process in which each worker repeated one step over and over achieved greater time and knowledge efficiencies. Smith’s ideas laid the groundwork for scientific management.

5. The Operational Perspective

A. The operational perspective was formed during the 19\textsuperscript{th} and early 20\textsuperscript{th} centuries when the factory system and modern corporations evolved to meet the challenges of managing large, complex organizations.

B. Three approaches fall into the operational perspective: scientific management; quantitative management; and quality management.

1. Frederick Winslow Taylor developed scientific management a method that applies the principles of the scientific method to the management process: determining the one best way to do a job and sharing the rewards with the workers.
   a. Taylor’s ideas were adopted by Henry Ford in the production of the Model-T.

2. The scientific management approach later became known as the quantitative management school.
   a. Four quantitative methods used in the approach still used today are
      1) break-even analysis
      2) basic economic order quantity model
      3) materials requirement planning
      4) quality management.

3. W. Edwards Deming popularized the total quality management concept. Total quality management (TQM) focuses on quality as an overarching goal in which all employees and organizational units work harmoniously to satisfy the customer.
   a. The key elements are focus on the customer; employee involvement; and continuous improvement.

6. Bureaucratic Management
A. Max Weber challenged the notion that authority should be based on birth and divine right and instead developed the bureaucratic management perspective which examines the entire organization as a rational entity, using impersonal rules and procedures for decision making.

7. Administrative Management

A. Henri Fayol developed the administrative management approach that explores an organization from the perspective of the managers and executives responsible for coordinating the activities of diverse groups and units across the entire organization.

B. Fayol identified five functions planning that are generic to all management activities.
   1. Planning
   2. Organizing
   3. Commanding
   4. Coordinating
   5. Controlling

8. Behavioral Perspective

A. The behavioral approach suggests that knowledge of the psychological and social processes of human behavior can result in improvements in productivity and satisfaction.

B. This perspective can be traced to the work of Mary Parker Follett and the Hawthorne studies.
   1. Follett advocated employee participation, greater employee autonomy, and organizing cross-functional teams.
   2. The Hawthorn effect suggested that when a manager or leader demonstrated concern for employees, motivation and productivity levels were likely to increase.
   3. The Hawthorne studies generated new interest in the human side of companies.
      a. The human relations approach to management viewed the relationships between employees and supervisors as the most salient aspect of management.
      b. Abraham Maslow developed a theory of motivation based on a hierarchy of needs.
      c. Douglas McGregor developed a perspective using what he called Theory X and Theory Y assumptions.

9. Contemporary Management Perspectives

Copyright © 2012 Pearson Education, Inc. publishing as Prentice Hall.
A. Contemporary perspectives include systems theory, contingency theory, and the learning organization perspective.

1. According to systems theory an organization is a system of interrelated parts that functions in a holistic way to achieve a common purpose.
   a. The system receives feedback which allows the sender to clarify the message if its true meaning is not received.

2. Contingency theory argues that what works for one organization may not work for another because situational characteristics known as contingencies differ.

3. The learning organization approach suggests that organizations that can learn faster than their counterparts have an advantage over competitors in the marketplace.
   a. Learning organizations try to institutionalize continuous learning.

II. Emerging Perspectives and Issues

Two trends that are expected to influence management practice and theory in the future are the modular organization and the intangible organization.

1. The Modular Organization

   A. The classical organization form is being replaced by the modular corporation in which functions that are not considered crucial are outsourced to an independent organization.

2. The Intangible Organization

   A. Businesses are shifting their resources from tangible to intangible investments. In this new organization, ideas, information, and relationships are valued more than production machinery, physical products, and structured jobs.

   B. Virtual teams are common, and managers must be flexible, creative and open to new opportunities.

Sample Questions

1) Which of the following is not an example of organizational inefficiency?
   A) Hiring the wrong people
   B) Failing to reach goals that sustain the company's competitive advantage
   C) Losing a key contributor
   D) Making poor investment decisions.

Answer: B
2) Which of the following is true concerning organizational effectiveness and efficiency?
A) A firm is effective when it uses its resources in the best possible way.
B) A firm with excellent goals cannot fail.
C) A firm is ineffective when it hires the wrong people.
D) A firm is efficient when it does things right and effective when it does the right thing.
Answer: D

3) Which of the following is not considered one of the key issues influencing business today?
A) An emphasis on customer service
B) Management of change
C) A strong economy
D) The need for higher business ethics
Answer: C

4) Which level of management is responsible for implementing the directives of senior executives?
A) Tactical managers
B) Strategic managers
C) Day-to-day supervisors
D) Operational managers
Answer: A

5) Operational managers are responsible for
A) overall responsibility of the firm.
B) day-to-day supervision.
C) producing the firm's product.
D) implementing the directives of strategic managers.
Answer: B

6) With today's more decentralized organizations, which of the following is likely to occur?
A) Employees are less likely to be asked to manage themselves.
B) Employees have less autonomy to set their own objectives.

C) Employees are not encouraged to use their own expertise.
D) Employees are less dependent on supervisors to tell them what to do
Answer: D
Diff: 3 Page Ref: 5-7
Objective: LO1
AACSB: Reflective thinking skills

7) Which type of team is comprised of members with diverse backgrounds?
A) Cross-functional team
B) Cross-disciplinary team
C) Managerial team
D) Quality team
Answer: B
Diff: 2 Page Ref: 8
Objective: LO1

8) Which of the following should organizations avoid when trying to reinforce the team concept?
A) Give autonomy to teams to make their own decisions.
B) Reward the contributions of individual employees.
C) Select team members who are different yet complement each other.
D) Support teams whose task is to think outside the box.
Answer: B
Diff: 2 Page Ref: 8
Objective: LO1
AACSB: Reflective thinking skills

9) Which of the following is not considered one of the four management functions?
A) Planning
B) Leading
C) Organizing
D) Informing
Answer: D
Diff: 1 Page Ref: 9
Objective: LO2

10) When managers are measuring performance, comparing it to objectives, implementing necessary changes, and monitoring progress, which function of management are they performing?
A) Planning
B) Controlling
C) Organizing
D) Leading
Answer: B
Diff: 2 Page Ref: 10
Objective: LO2

Copyright © 2012 Pearson Education, Inc. publishing as Prentice Hall.
11) Which activity would reflect a manager engaging in the organizing function?
A) Setting future objectives
B) Communicating organizational goals
C) Collecting quality feedback
D) Delegating tasks
Answer: D
Diff: 3    Page Ref: 10
Objective: LO2

12) The three categories of Mintzberg's managerial roles are
A) interpersonal, informational, and decisional.
B) planning, organizing, and leading.
C) entrepreneur, disturbance handler, and negotiator.
D) monitor, disseminator, and spokesperson.
Answer: A
Diff: 1    Page Ref: 11
Objective: LO2

13) Which of the following is not true concerning KPIs?
A) KPI refers to key performance indicators.
B) KPIs are long-term.
C) KPIs need not be quantifiable.
D) The goals for a KPI may change.
Answer: C
Diff: 3    Page Ref: 11
Objective: LO2

14) Mintzberg's interpersonal roles include which of the following?
A) Entrepreneur, disturbance handler, and resource allocator
B) Monitor, disseminator, and spokesperson
C) Negotiator, leaders, and spokesperson
D) Figurehead, leader, and liaison
Answer: D
Diff: 2    Page Ref: 11
Objective: LO2
15) Niccolo Machiavelli described leadership and presented a cynical view of human nature in what classic book?
A) *The Art of War*
B) *The Prince*
C) *The Wealth of Nations*
D) *The Principles of Scientific Management*

Answer: B
Diff: 1    Page Ref: 13
Objective: LO3

16) Who first observed that the division of labor was responsible for revolutionary gains in factory output?
A) Frederick Taylor
B) Sun Tsu
C) Adam Smith
D) Niccolo Machiavelli

Answer: C
Diff: 1    Page Ref: 13-14
Objective: LO3

17) Scientific management
A) ensures workers are empowered to decide how best to do the job.
B) emphasizes cross training of employees.
C) avoids standardized productivity quotas.
D) encourages management to share productivity gains.

Answer: D
Diff: 2    Page Ref: 14
Objective: LO3

18) In scientific management, the role of management is to
A) execute the work using scientific principles.
B) plan work methods using scientific principles.
C) solicit employee input to determine how the work should be performed.
D) empower workers.

Answer: B
Diff: 2    Page Ref: 14
Objective: LO3
19) When workers avoid doing their best work, it is referred to as
A) soldiering.
B) empowering.
C) synergy.
D) equifinality.
Answer: A
Diff: 1    Page Ref: 14
Objective: LO3

20) Time and motion studies using the stopwatch and motion picture camera to improve workplace efficiencies were introduced by
A) Henry Ford.
B) Frederick Taylor.
C) Henry Gantt.
D) Frank and Lillian Gilbreth.
Answer: D
Diff: 2    Page Ref: 15
Objective: LO3

21) Which of the following is not considered a shortcoming of scientific management?
A) It did not appreciate the social context of work.
B) It paid too much attention to the needs of workers beyond pay.
C) It often led to dehumanizing working conditions.
D) It prohibited employee initiative.
Answer: B
Diff: 3    Page Ref: 15
Objective: LO3

22) The percentage of unionized workers
A) has increased in the manufacturing sector.
B) has declined to less than 10% in 2012.
C) has focused very successfully on white collar workers.
D) continues to remain about the same since the 1940s.
Answer: B
Diff: 2    Page Ref: 15
Objective: LO3

23) With a focus on statistical tools and techniques to improve efficiency, the scientific management perspective became known as
A) MRP.
B) EOQ.
C) the operational perspective.
D) the quantitative management school.
Answer: D
24) Quantitative methods used in the quantitative management school include
   A) quality management, bureaucratic management, and MRP.
   B) EOQ, soldiering, and division of labor.
   C) break-even analysis, EOQ, and MRP.
   D) MRP, quality management, and time and motion studies.
   Answer: C

25) At the break-even point
   A) the total costs of inventory are minimized.
   B) there is neither a profit nor a loss.
   C) demand for complementary items is balanced.
   D) reorder points equal total holding costs.
   Answer: B

26) MRP is a useful tool to
   A) recover fixed and variable costs.
   B) minimize total inventory costs.
   C) improve product quality.
   D) reduce inventory costs.
   Answer: D

27) Which of the following quality experts advanced the use of statistics for constant
    quality improvement and assisted Japanese business leaders after World War II?
    A) W. Edward Deming
    B) Joseph M. Juran
    C) Phillip Crosby
    D) Armand V. Feigenbaum
    Answer: A

28) Which of the following statements about TQM is true?
    A) In TQM, quality is the role of quality control specialists.
    B) In TQM, satisfying the customer is primarily the responsibility of marketing.
    C) The TQM perspective views quality as the central purpose of the organization
whereas the operational perspective focuses on efficiency.

D) Most major firms have not yet adopted TQM.

Answer: C
Diff: 3   Page Ref: 17
Objective: LO3

29) Which of the following is not a key element of the TQM approach?

A) Focus on the customer
B) Continuous improvement
C) Employee involvement
D) Scientifically study each part of a task and develop the best method of
   performing the task

Answer: D
Diff: 2   Page Ref: 17
Objective: LO3

30) Building quality into the product rather than relying on quality inspections after
    the product has already been made reflects a principle of

A) scientific management.
B) TQM.
C) MRP.
D) cross-functional teams.

Answer: B
Diff: 2   Page Ref: 17
Objective: LO3

31) A traditional perspective of management that examines the entire organization
    as a rational entity is

A) total quality management.
B) scientific management.
C) administrative management.
D) bureaucratic management.

Answer: D
Diff: 1   Page Ref: 18
Objective: LO4

32) Which of the following would be least likely to be a characteristic of an ideal
    bureaucracy as defined by Weber?

A) Career advancement based on merit
B) Well defined hierarchy
C) Few rules and procedures
D) Specialization of labor

Answer: C
Diff: 2   Page Ref: 18
Objective: LO4

AACSB: Reflective thinking skills
33) The employee handbook today is an example of the use of impersonal rules and procedures to provide a fair and consistent way of dealing with employees. This is a positive contribution made by which approach to management?
A) Scientific management
B) Bureaucratic management
C) Total quality management
D) Administrative management
Answer: B
Diff: 2 Page Ref: 18
Objective: LO4
AACSB: Reflective thinking skills

34) Weber's principle of specialization builds on the earlier work of
A) Adam Smith.
B) Frederick Taylor.
C) Sun Tsu.
D) Niccolo Machiavelli.
Answer: A
Diff: 2 Page Ref: 18
Objective: LO4

35) When reliability and efficiency are most important to a business, which approach to management is likely to be the best?
A) Bureaucratic approach
B) Administrative approach
C) Scientific management
D) Total quality management
Answer: A
Diff: 3 Page Ref: 19
Objective: LO4
AACSB: Reflective thinking skills

36) Which approach views management as a profession that can be learned by understanding basic principles?
A) Bureaucratic approach
B) Administrative approach
C) Scientific management
D) Total quality management
Answer: B
Diff: 2 Page Ref: 19
Objective: LO4
37) Which of the following is not a principle of the administrative approach to management?
A) Unity of leadership
B) Unity of command
C) Unity of direction
D) Equity
Answer: A
Diff: 2   Page Ref: 19
Objective: LO4

38) Unity of command suggests that
A) employees’ efforts should be focused on achieving organizational objectives.
B) each employee should be assigned to only one supervisor.
C) the chain of command should follow a top-down direction.
D) workers must minimize deviations from standard procedures.
Answer: B
Diff: 2   Page Ref: 19
Objective: LO4

39) In which type of organization are Fayol's administrative principles most likely to still be applicable?
A) Apple
B) Microsoft
C) Toys R Us
D) The US Army
Answer: D
Diff: 3   Page Ref: 20
Objective: LO4
AACSB: Reflective thinking skills

40) Which approach to management argues that human factors alone may affect workplace efficiency?
A) The administrative perspective
B) The bureaucratic perspective
C) The behavioral perspective
D) The quality perspective
Answer: C
Diff: 1   Page Ref: 20
Objective: LO5
41) The work of Mary Parker Follett and the Hawthorne studies were important in which approach to management?
A) The administrative perspective
B) The bureaucratic perspective
C) The behavioral perspective
D) The quality perspective
Answer: C
Diff: 2 Page Ref: 20
Objective: LO5

42) Which approach to management would suggest that if Marcus has more knowledge of the work process than his manager, then the manager should act more in the role of coach than monitor or supervisor?
A) The administrative perspective
B) The bureaucratic perspective
C) The behavioral perspective
D) The quality perspective
Answer: C
Diff: 2 Page Ref: 20
Objective: LO5
AACSB: Reflective thinking skills

43) What phenomenon suggests that when a manager shows concern for employees, their motivation and productivity levels are likely to improve?
A) The halo effect
B) The Hawthorne effect
C) The horn effect
D) The Mayo effect
Answer: B
Diff: 2 Page Ref: 20
Objective: LO5

44) Which of the following studies suggested that the influence of the work group may be as significant as the influence of the supervisor?
A) McGregor's Theory X
B) Deming's TQM
C) Taylor's Midvale Steel studies
D) The Hawthorne studies
Answer: D
Diff: 2 Page Ref: 20
Objective: LO5
45) Jason's manager believes that he can best motivate Jason by providing an environment where Jason can satisfy his most pressing needs. Which of the following theories reflects the thinking of Jason's manager?
A) McGregor's Theory X
B) Abraham Maslow's hierarchy of needs
C) Deming's TQM
D) Taylor's scientific management
Answer: B
Diff: 3 Page Ref: 21
Objective: LO5
AACSB: Reflective thinking skills

46) Which of the following is not an assumption of McGregor's Theory Y?
A) Work is as natural as play or rest.
B) The average person learns, under the right conditions, not only to accept, but to seek responsibility.
C) The average person prefers to be directed.
D) The intellectual potential of most people is only partially utilized in most organizations.
Answer: C
Diff: 1 Page Ref: 22
Objective: LO5

47) Which approach to management believes that the whole is greater than the sum of the parts?
A) The operational approach
B) The systems approach
C) The administrative approach
D) The behavioral approach
Answer: B
Diff: 2 Page Ref: 22
Objective: LO5

48) Microsoft's compatibility of business applications software with the Windows operating system drives software sales. This is an example of
A) synergy.
B) equifinality.
C) a subsystem.
D) an open system.
Answer: A
Diff: 3 Page Ref: 23
Objective: LO6
AACSB: Reflective thinking skills
49) When an organization recognizes that they can reach the same goals through a number of different routes, they are demonstrating
A) synergy.
B) a closed system.
C) a subsystem.
D) equifinality.
Answer: D
Diff: 2 Page Ref: 23
Objective: LO6

50) Which of the following statements is true concerning contingency theory?
A) Contingency theory reinforces scientific management's approach of the "one best way."
B) Contingency theory suggests that managers must use the best management practice in all situations.
C) Contingency theory suggests that no strategy is good or bad in and of itself, but instead depends on the situation.
D) Contingency theory suggests that organizations that can learn faster than their competitors have an advantage in the marketplace.
Answer: C
Diff: 3 Page Ref: 24
Objective: LO6

51) The disaggregated corporation is known as the
A) modular organization.
B) intangible organization.
C) functional organization.
D) learning organization.
Answer: A
Diff: 1 Page Ref: 25
Objective: LO6

52) An example of the shift of resource investment in today's organizations emphasizing innovation is
A) from product design to plant and equipment.
B) from plant and equipment to know-how.
C) from machines to plant and equipment.
D) from virtual teams to outsourced partners.
Answer: B
Diff: 3 Page Ref: 25
Objective: LO6
53) The trend to using machines for routine tasks in factories to free up workers to use more of their abilities is reflected in which of the following organizations?
A) The modular organization  
B) The functional organization  
C) The learning organization  
D) The intangible organization  
Answer: D  
Diff: 2  Page Ref: 25  
Objective: LO6

54) Which of the following is not identified as one of the most common career tracks in management?
A) Human resource manager  
B) Accounting or finance manager  
C) Sports team manager  
D) Entrepreneur  
Answer: C  
Diff: 2  Page Ref: 26-27  
Objective: LO6

55) As managers move higher up their career ladders, their jobs are likely to focus more on
A) sales.  
B) specialized knowledge.  
C) communication.  
D) operations.  
Answer: A  
Diff: 2  Page Ref: 27  
Objective: LO6

56) To be successful, a company must first be efficient before addressing how to be effective.
Answer: FALSE  
Diff: 2  Page Ref: 4  
Objective: LO1

57) John, the marketing manager overseeing the launch of his company's new product, is considered a strategic manager.
Answer: FALSE  
Diff: 2  Page Ref: 5  
Objective: LO1  
AACSB: Reflective thinking skills

Copyright © 2012 Pearson Education, Inc. publishing as Prentice Hall.
58) To be successful as a manager requires that you learn how to be flexible and adaptable.
Answer: TRUE
Diff: 1     Page Ref: 7
Objective: LO1

59) An organizational team comprised of representatives from marketing,
accounting, operations, engineering, and human resources would be considered
a cross-functional team.
Answer: TRUE
Diff: 2     Page Ref: 8
Objective: LO1

60) When the accounting manager reviews this month's sales, compares them to
the sales budget then takes corrective action, she is performing the controlling
function of management.
Answer: TRUE
Diff: 2     Page Ref: 10
Objective: LO2
AACSB: Reflective thinking skills

61) Frederick Taylor's managerial roles were grouped into three categories:
interpersonal, information, and decisional.
Answer: FALSE
Diff: 1     Page Ref: 11
Objective: LO3

62) Classical management insights from such thinkers as Sun Tsu, Niccolo
Machiavelli, and Adam Smith are no longer valuable to organizations today.
Answer: FALSE
Diff: 1     Page Ref: 12
Objective: LO3

63) The operational perspective on management attempted to discover the one
best way of doing a job.
Answer: TRUE
Diff: 1     Page Ref: 14
Objective: LO4

64) A key element of TQM is the focus on the customer.
Answer: TRUE
Diff: 2     Page Ref: 17
Objective: LO4

Copyright © 2012 Pearson Education, Inc. publishing as Prentice Hall.
65) A matrix organization which requires employees to report to both a functional and a project manager violates Fayol's unity of direction.
Answer: FALSE
Diff: 3 Page Ref: 19
Objective: LO4
AACSB: Reflective thinking skills

66) What are the three issues strongly influencing business in the twenty-first century?
Answer: The three issues strongly influencing business in the twenty-first century are the management of change, an emphasis on customer service, and the need for higher business ethics. Organizations must cope with and adapt to change on a daily basis. In addition, companies must satisfy the needs of customers to develop long-term loyalty. With highly publicized examples of unethical business conduct, organizations have recognized the need for higher ethical standards.
Diff: 2 Page Ref: 4
Objective: LO1

67) What is the difference between efficiency and effectiveness?
Answer: A firm is effective when its goals are met. A firm is efficient when it makes the best possible use of its resources. Doing things right is efficient and doing the right things is effective.
Diff: 2 Page Ref: 4
Objective: LO1

68) What are the three levels of management? What are they each responsible for?
Answer: The three levels of management are strategic managers, tactical managers, and operational managers. Strategic managers are the senior executives with the overall responsibility for the firm. Tactical managers are responsible for implementing the directives of strategic managers. And operational managers are responsible for day-to-day supervision.
Diff: 2 Page Ref: 5
Objective: LO1

69) Discuss the four functions of management. Provide an example of each.
Answer: The four functions of management are planning/strategizing, organizing, leading, and controlling. When managers are seeing future objectives, they are engaged in planning. When managers are defining the roles for employees or delegating tasks to them, they are engaged in the organizing function. When managers are inspiring and motivating their employees, they are leading. And when managers collect feedback, identify problems, and then take corrective action, they are engaged in controlling.
Diff: 3 Page Ref: 9-10
Objective: LO2
AACSB: Reflective thinking skills
70) List Mintzberg's managerial roles.
Answer: Mintzberg’s managerial roles are grouped into three categories: interpersonal, information, and decisional. The interpersonal roles are figurehead, leader, and liaison. The information roles are monitor, disseminator, and spokesperson. The decisional roles are entrepreneur, disturbance handler, resource allocator, and negotiator.

71) Discuss Adam Smith's contribution to early management thought.
Answer: Adam Smith was the first to recognize the principle of division of labor in the manufacturing environment. His work with the division of labor for pin workers was responsible for significant gains in the output of factories. This work laid the foundation of scientific management.

72) Discuss Taylor's four principles of scientific management.
Answer: Taylor's four principles of scientific management are:
1. Scientifically study each part of a task and develop the best method of performing the task.
2. Carefully select workers and train them to perform the tasks by using the scientifically developed method.
3. Cooperate fully with workers to ensure that they use the proper method.
4. Divide work and responsibility so that management is responsible for planning work methods using scientific principles and workers are responsible for executing the work accordingly.

73) What are the key characteristics of Weber's ideal bureaucracy?
Answer: The key characteristics of Weber's ideal bureaucracy are specialization of labor, formal rules and procedures, impersonality, well-defined hierarchy, and career advancement based on merit.

74) Contrast the behavioral and operational perspectives on management.
Answer: The behavioral perspective incorporates psychological and social processes of human behavior to improve productivity and work satisfaction. Operational theorists view management as a mechanical process in which employees would fit into any job or organization designed for optimum efficiency if given monetary incentives to do so. The behavioral perspective argues that human factors alone may affect workplace efficiency. The behavioral perspective
stresses the need for managers to understand the dynamics of the work group so as to positively influence employee motivation and satisfaction.

Diff: 3   Page Ref: 20
Objective: LO4 and LO5
AACSB: Reflective thinking skills

75) What is the Hawthorne effect?
Answer: The Hawthorne effect was discovered during the Hawthorne studies at the Western Electric plant when Mayo and Roethlisberger were studying the effects of physical working conditions on employee productivity. They concluded that the special attention paid to employees motivates them to put greater effort into their jobs. When a manager shows concern for employees, their motivation and productivity levels are likely to improve.

Diff: 1   Page Ref: 20
Objective: LO5

76) What are two key aspects of the human relations movement?
Answer: The two key aspects of the human relations movement are focused on employee motivation and leadership style. Abraham Maslow's hierarchy of needs theory addressed motivation and Douglas McGregor's Theory X and Y addressed leadership style.

Diff: 2   Page Ref: 21
Objective: LO5

77) What is the systems approach to management and how does it differ from the operational, bureaucratic, administrative, and behavioral approaches to management?
Answer: The operational, bureaucratic, administrative, and behavioral approaches studied management by dividing it into elements or components. While taking things apart is useful for analytical purposes, in reality all relevant parts of organizational activity interact with each other. Reductionism in management thought may lead to simplistic prescriptions and may not help us understand why some firms perform at higher levels than others. System theorists believe that the whole is greater than the sum of the parts.

Diff: 3   Page Ref: 21-22
Objective: LO6
AACSB: Reflective thinking skills
78) What is synergy? Provide an example.  
Answer: Synergy exists when the whole is greater than the sum of parts. It can be explained as $2 + 2 = 5$. Microsoft is a good example. The company sells more business applications software because all its applications software products are compatible with the Windows operating system. The Windows operating system provides synergy for its business applications unit because the compatibility creates value for the customer.

Diff: 2     Page Ref: 23  
Objective: LO6  
AACCBS: Reflective thinking skills

79) What is contingency theory?  
Answer: Contingency theory suggests that what works for one organization may not work for another since situational characteristics (known as contingencies) exist. As a result, managers must be flexible in order to apply practices and techniques that are most appropriate to specific situations. For example, leaders whose style does not "match" the situation, will find themselves ineffective.

Diff: 1     Page Ref: 24  
Objective: LO6

80) Discuss the modular organization and the role of outsourcing.  
Answer: The modular organization is also called the disaggregated corporation. Every function not regarded as crucial is outsourced to an independent organization. Internal organizational forms are simplified as managers contract with outsourcing partners rather than supervise long-term company employees.

Diff: 2     Page Ref: 25  
Objective: LO6  
AACCBS: Reflective thinking skills