

Practice Exam Questions

Explain why managers are important to organizations.

Managers are important to organizations for three reasons. First, organizations need their managerial skills and abilities in uncertain, complex, and chaotic times. Second, managers are critical to getting things done in organizations. Finally, managers contribute to employee productivity and loyalty; the way employees are managed can affect the organization's financial performance; and managerial ability has been shown to be important in creating organizational value.

Tell who managers are and where they work.

Managers coordinate and oversee the work of other people so that organizational goals can be accomplished. Nonmanagerial employees work directly on a job or task and have no one reporting to them. In traditionally structured organizations, managers can be firstline, middle, or top. In other more loosely configured organizations, the managers may not be as readily identifiable, although someone must fulfill that role. Managers work in an organization, which is a deliberate arrangement of people to accomplish some specific purpose. Organizations have three characteristics: a distinctive purpose, composed of people, and a deliberate structure. Many of today's organizations are structured to be more open, flexible, and responsive to changes.

Describe the functions, roles, and skills of managers.

Broadly speaking, management is what managers do and management involves coordinating and overseeing the efficient and effective completion of others' work activities. Efficiency means doing things right; effectiveness means doing the right things. The four functions of management include planning (defining goals, establishing strategies, and developing plans), organizing (arranging and structuring work), leading (working with and through people), and controlling (monitoring, comparing, and correcting work performance). Mintzberg's managerial roles include interpersonal, which involve people and other ceremonial/symbolic duties (figurehead, leader, and liaison); informational, which involve collecting, receiving, and

disseminating information (monitor, disseminator, and spokesperson); and decisional, which involve making choices (entrepreneur, disturbance handler, resource allocator, and negotiator). Mintzberg's newest description of what managers do proposes that managing is about influencing action, which managers do in three ways: by managing actions directly, by managing people who take action, and by managing information that impels people to take action. Katz's managerial skills include technical (job-specific knowledge and techniques), human (ability to work well with people), and conceptual (ability to think and express ideas). Technical skills are most important for lower-level managers while conceptual skills are most important for top managers. Human skills are equally important for all managers. Some other managerial skills also identified include managing human capital, inspiring commitment, managing change, using purposeful networking, and so forth.

Contrast the actions of managers according to the omnipotent and symbolic views.

According to the omnipotent view, managers are directly responsible for an organization's success or failure. The symbolic view argues that much of an organization's success or failure is due to external forces outside managers' control. The two constraints on manager's discretion are the organization's culture (internal) and the environment (external). Managers aren't totally constrained by these two factors since they can and do influence their culture and environment.

Describe the constraints and challenges facing managers in today's external environment.

The external environment includes those factors and forces outside the organization that affect its performance. The main components include economic, demographic, political/legal, sociocultural, technological, and global. Managers face constraints and challenges from these components because of the impact they have on jobs and employment, environmental uncertainty, and stakeholder relationships.

Discuss the characteristics and importance of organizational culture.

The seven dimensions of culture are attention to detail, outcome orientation, people orientation, team orientation, aggressiveness, stability, and innovation and risk taking. In organizations with strong cultures, employees are more loyal and performance tends to be higher. The stronger a culture becomes, the more it affects the way managers plan, organize, lead, and control. The original source of a culture reflects the vision of organizational founders. A culture is maintained by employee selection practices, the actions of top managers, and socialization processes. Also, culture is transmitted to employees through stories, rituals, material symbols, and language. These elements help employees “learn” what values and behaviors are important as well as who exemplifies those values. The culture affects how managers plan, organize, lead, and control.

Describe current issues in organizational culture.

The characteristics of an innovative culture are challenge and involvement, freedom, trust and openness, idea time, playfulness/humor, conflict resolution, debates, and risk-taking. A customer-responsive culture has five characteristics: outgoing and friendly employees; jobs with few rigid rules, procedures, and regulations; empowerment; clear roles and expectations; and employees who are conscientious in their desire to please the customer. Workplace spirituality is important because employees are looking for a counterbalance to the stresses and pressures of a turbulent pace of life. Aging baby boomers and other workers are looking for something meaningful in their lives, an involvement and connection that they often don't find in contemporary lifestyles, and to meet the needs that organized religion is not meeting for some of them. Spiritual organizations tend to have five characteristics: strong sense of purpose, focus on individual development, trust and openness, employee empowerment, and toleration of employee expression.

EARLY MANAGEMENT:

Describe some early management examples.

Studying history is important because it helps us see the origins of today's management practices and recognize what has and has not worked. We can see early examples of management practice in the construction of the Egyptian pyramids and in the arsenal of Venice. One important historical event was the publication of Adam Smith's *Wealth of Nations*, in which he argued the benefits of division of labor (job specialization). Another was the industrial revolution where it became more economical to manufacture in factories than at home. Managers were needed to manage these factories and these managers needed formal management theories to guide them.

Explain the various theories in the classical approach.

Frederick W. Taylor, known as the "father" of scientific management, studied manual work using scientific principles—that is, guidelines for improving production efficiency—to find the one best way to do those jobs. The Gilbreths' primary contribution was finding efficient hand-and-body motions and designing proper tools and equipment for optimizing work performance. Fayol believed that the functions of management were common to all business endeavors but also were distinct from other business functions. He developed 14 principles of management from which many current management concepts have evolved. Weber described an ideal type of organization he called a bureaucracy, characteristics that many of today's large organizations still have. Today's managers use the concepts of scientific management when they analyze basic work tasks to be performed, use time-and-motion study to eliminate wasted motions, hire the best qualified workers for a job, and design incentive systems based on output. They use general administrative theory when they perform the functions of management and structure their organizations so that resources are used efficiently and effectively.

Discuss the development and uses of the behavioral approach.

The early OB advocates (Robert Owen, Hugo Munsterberg, Mary Parker Follett, and Chester Barnard) contributed various ideas, but all believed that people were the most important asset of the organization and should be managed accordingly. The Hawthorne Studies dramatically affected management beliefs about the role of people in organizations, leading to a new emphasis on the human behavior factor in managing. The behavioral approach has largely shaped how today's organizations are managed. Many current theories of motivation, leadership, group behavior and development, and other behavioral issues can be traced to the early OB advocates and the conclusions from the Hawthorne Studies.

Describe the quantitative approach.

The quantitative approach involves applications of statistics, optimization models, information models, and computer simulations to management activities. Today's managers use the quantitative approach, especially when making decisions, as they plan and control work activities such as allocating resources, improving quality, scheduling work, or determining optimum inventory levels. Total quality management—a management philosophy devoted to continual improvement and responding to customer needs and expectations—also makes use of quantitative methods to meet its goals.

Explain the various theories in the contemporary approach.

The systems approach says that an organization takes in inputs (resources) from the environment and transforms or processes these resources into outputs that are distributed into the environment. This approach provides a framework to help managers understand how all the interdependent units work together in order to achieve the organization's goals and that decisions and actions taken in one organizational area will affect others. In this way, managers can recognize that organizations are not self-contained, but instead rely on their environment for essential inputs and as outlets to absorb their outputs. The contingency approach says that organizations are different, face different situations, and require different ways of managing. It helps us understand management because it stresses there are no simplistic or universal rules for managers to follow. Instead, managers must look at their situation and determine that if this is the way my situation is, then this is the best way for me to manage.

Important Screenshots:

EXHIBIT 1-1
Levels of Management

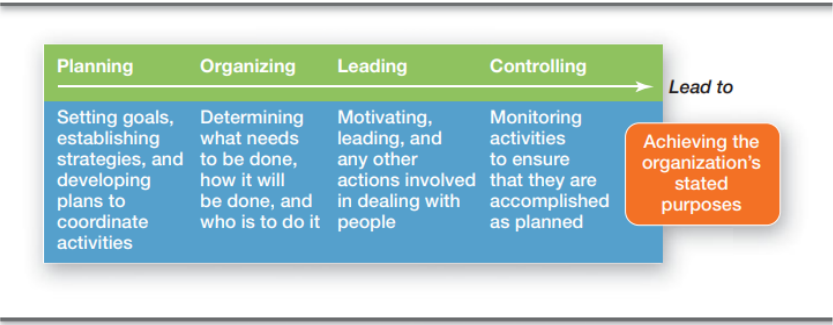
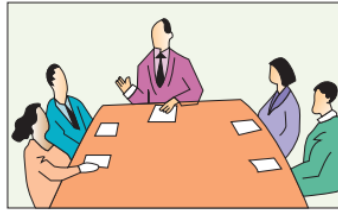


EXHIBIT 1-4
Four Functions of Management

EXHIBIT 1-5**Mintzberg's Managerial Roles****Interpersonal Roles**

- Figurehead
- Leader
- Liaison

**Informational Roles**

- Monitor
- Disseminator
- Spokesperson

**Decisional Roles**

- Entrepreneur
- Disturbance handler
- Resource allocator
- Negotiator

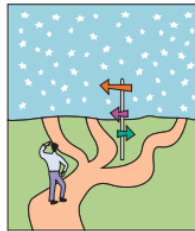
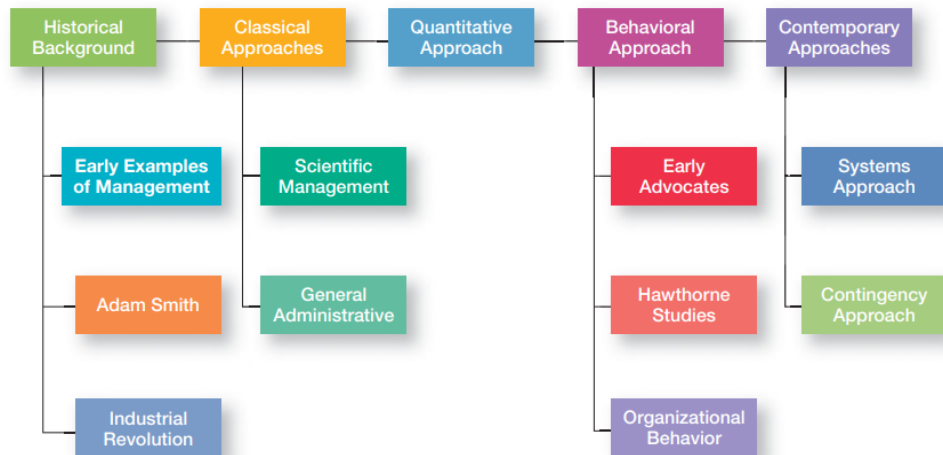
**EXHIBIT MH-1****Major Approaches to Management**

EXHIBIT MH-2

Taylor's Scientific Management Principles

1. Develop a science for each element of an individual's work to replace the old rule-of-thumb method.
2. Scientifically select and then train, teach, and develop the worker.
3. Heartily cooperate with the workers so as to ensure that all work is done in accordance with the principles of the science that has been developed.
4. Divide work and responsibility almost equally between management and workers. Management does all work for which it is better suited than the workers.

1. **Division of Work.** Specialization increases output by making employees more efficient.
2. **Authority.** Managers must be able to give orders, and authority gives them this right.
3. **Discipline.** Employees must obey and respect the rules that govern the organization.
4. **Unity of command.** Every employee should receive orders from only one superior.
5. **Unity of direction.** The organization should have a single plan of action to guide managers and workers.
6. **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.
7. **Remuneration.** Workers must be paid a fair wage for their services.
8. **Centralization.** This term refers to the degree to which subordinates are involved in decision making.
9. **Scalar chain.** The line of authority from top management to the lowest ranks is the scalar chain.
10. **Order.** People and materials should be in the right place at the right time.
11. **Equity.** Managers should be kind and fair to their subordinates.
12. **Stability of tenure of personnel.** Management should provide orderly personnel planning and ensure that replacements are available to fill vacancies.
13. **Initiative.** Employees who are allowed to originate and carry out plans will exert high levels of effort.
14. **Esprit de corps.** Promoting team spirit will build harmony and unity within the organization.

EXHIBIT MH-3

Fayol's 14 Principles of Management

EXHIBIT MH-4

Characteristics of Weber's Bureaucracy

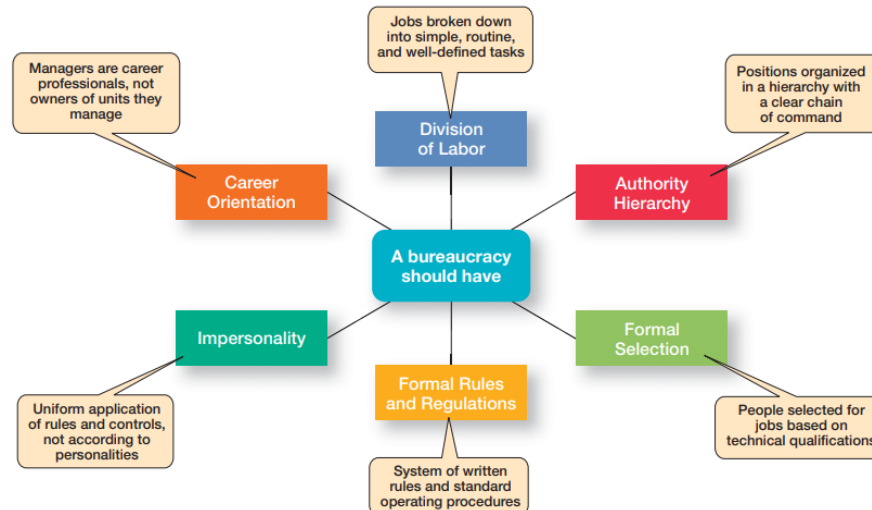


EXHIBIT MH-5
Early OB Advocates

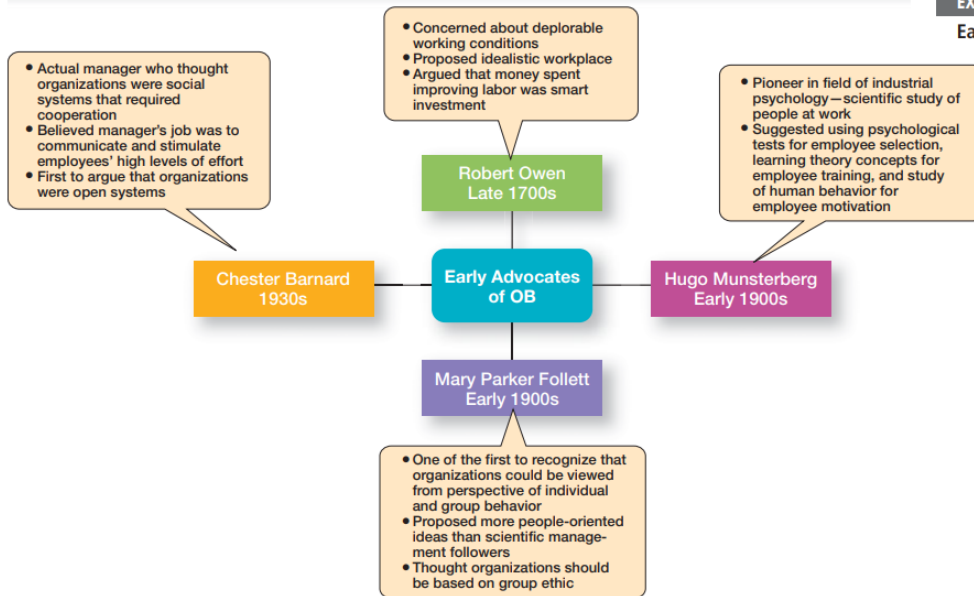
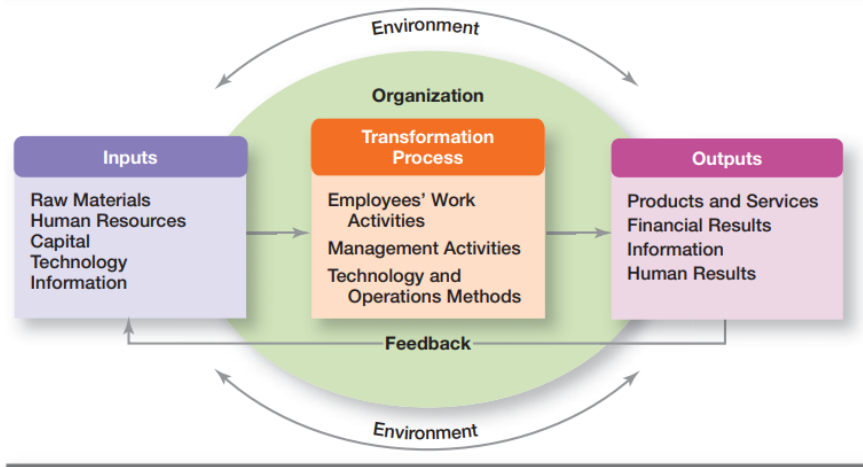


EXHIBIT MH-6
What Is Quality Management?

- Intense focus on the customer.** The customer includes outsiders who buy the organization's products or services and internal customers who interact with and serve others in the organization.
- Concern for continual improvement.** Quality management is a commitment to never being satisfied. "Very good" is not good enough. Quality can always be improved.
- Process focused.** Quality management focuses on work processes as the quality of goods and services is continually improved.
- Improvement in the quality of everything the organization does.** This relates to the final product, how the organization handles deliveries, how rapidly it responds to complaints, how politely the phones are answered, and the like.
- Accurate measurement.** Quality management uses statistical techniques to measure every critical variable in the organization's operations. These are compared against standards to identify problems, trace them to their roots, and eliminate their causes.
- Empowerment of employees.** Quality management involves the people on the line in the improvement process. Teams are widely used in quality management programs as empowerment vehicles for finding and solving problems.

EXHIBIT MH-7**Organization as an Open System****EXHIBIT MH-8****Popular Contingency Variables**

Organization Size. As size increases, so do the problems of coordination. For instance, the type of organization structure appropriate for an organization of 50,000 employees is likely to be inefficient for an organization of 50 employees.

Routineness of Task Technology. To achieve its purpose, an organization uses technology. Routine technologies require organizational structures, leadership styles, and control systems that differ from those required by customized or nonroutine technologies.

Environmental Uncertainty. The degree of uncertainty caused by environmental changes influences the management process. What works best in a stable and predictable environment may be totally inappropriate in a rapidly changing and unpredictable environment.

Individual Differences. Individuals differ in terms of their desire for growth, autonomy, tolerance of ambiguity, and expectations. These and other individual differences are particularly important when managers select motivation techniques, leadership styles, and job designs.

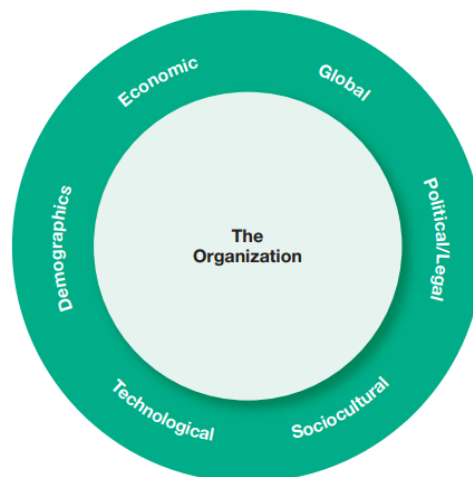
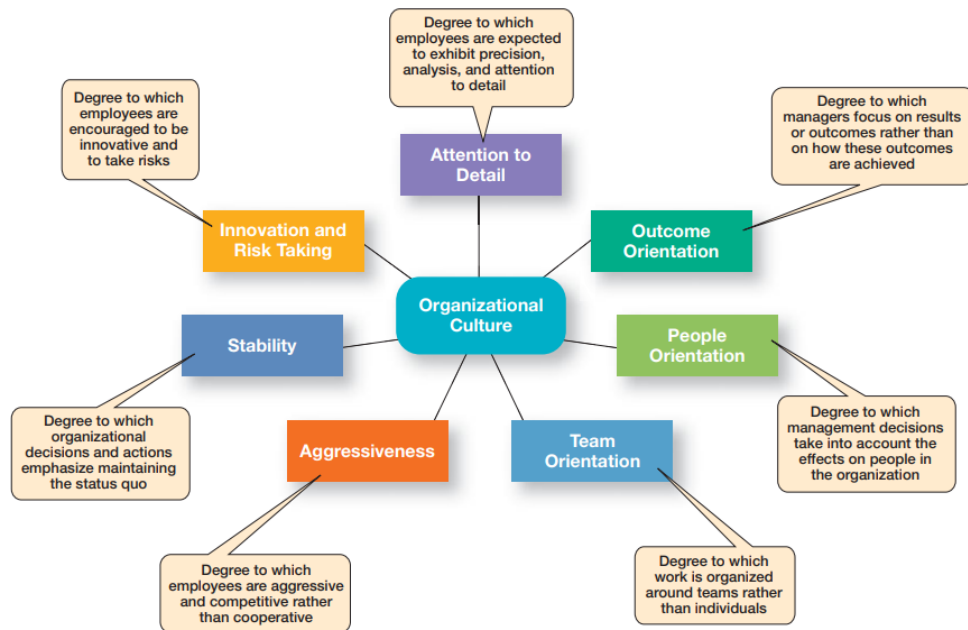
EXHIBIT 2-2**Components of External Environment**

EXHIBIT 2-3**Environmental
Uncertainty Matrix**

		Stable	Dynamic
Simple	Cell 1	Stable and predictable environment Few components in environment Components are somewhat similar and remain basically the same Minimal need for sophisticated knowledge of components	Dynamic and unpredictable environment Few components in environment Components are somewhat similar but are continually changing Minimal need for sophisticated knowledge of components
	Cell 2		
Complex	Cell 3	Stable and predictable environment Many components in environment Components are not similar to one another and remain basically the same High need for sophisticated knowledge of components	Dynamic and unpredictable environment Many components in environment Components are not similar to one another and are continually changing High need for sophisticated knowledge of components
	Cell 4		

EXHIBIT 2-4**Organizational Stakeholders**

EXHIBIT 2-5
**Dimensions of
Organizational
Culture**

Strong Cultures

Values widely shared

Culture conveys consistent messages about what's important

Most employees can tell stories about company history or heroes

Employees strongly identify with culture

Strong connection between shared values and behaviors

Weak Cultures

Values limited to a few people—usually top management

Culture sends contradictory messages about what's important

Employees have little knowledge of company history or heroes

Employees have little identification with culture

Little connection between shared values and behaviors

EXHIBIT 2-7
Strong Versus Weak Cultures

EXHIBIT 2-9**Managerial Decisions Affected by Culture****Planning**

- The degree of risk that plans should contain
- Whether plans should be developed by individuals or teams
- The degree of environmental scanning in which management will engage

Organizing

- How much autonomy should be designed into employees' jobs
- Whether tasks should be done by individuals or in teams
- The degree to which department managers interact with each other

Leading

- The degree to which managers are concerned with increasing employee job satisfaction
- What leadership styles are appropriate
- Whether all disagreements—even constructive ones—should be eliminated

Controlling

- Whether to impose external controls or to allow employees to control their own actions
- What criteria should be emphasized in employee performance evaluations
- What repercussions will occur from exceeding one's budget

Creating an Innovative Culture

- ▶ **Challenge and involvement** – Are employees involved in, motivated by, and committed to long-term goals and success of the organization?
- ▶ **Freedom** – Can employees independently define their work, exercise discretion, and take initiative in their day-to-day activities?
- ▶ **Trust and openness** – Are employees supportive and respectful to each other?
- ▶ **Idea time** – Do individuals have time to elaborate on new ideas before taking action?
- ▶ **Playfulness/humor** – Is the workplace spontaneous and fun?
- ▶ **Conflict resolution** – Do individuals make decisions and resolve issues based on the good of the organization versus personal interest?
- ▶ **Debates** – Are employees allowed to express opinions and put forth ideas for consideration and review?
- ▶ **Risk-taking** – Do managers tolerate uncertainty and ambiguity, and are employees rewarded for taking risks?⁴⁵

Characteristics of Customer-Responsive Culture	Suggestions for Managers
Type of employee	Hire people with personalities and attitudes consistent with customer service: friendly, attentive, enthusiastic, patient, good listening skills
Type of job environment	Design jobs so employees have as much control as possible to satisfy customers, without rigid rules and procedures
Empowerment	Give service-contact employees the discretion to make day-to-day decisions on job-related activities
Role clarity	Reduce uncertainty about what service-contact employees can and cannot do by continual training on product knowledge, listening, and other behavioral skills
Consistent desire to satisfy and delight customers	Clarify organization's commitment to doing whatever it takes, even if it's outside an employee's normal job requirements

EXHIBIT 2-10

Creating a Customer-Responsive Culture

Spirituality and Organizational Culture

counterparts? Research shows that spiritual organizations tend to have five cultural characteristics.⁵⁰

1. *Strong sense of purpose.* Spiritual organizations build their cultures around a meaningful purpose. While profits are important, they're not the primary values of the organization. For instance, Timberland's slogan is "Boots, Brand, Belief," which embodies the company's intent to use its "resources, energy, and profits as a publicly traded footwear-and-apparel company to combat social ills, help the environment, and improve conditions for laborers around the globe . . . and to create a more productive, efficient, loyal, and committed employee base."⁵¹
2. *Focus on individual development.* Spiritual organizations recognize the worth and value of individuals. They aren't just providing jobs; they seek to create cultures in which employees can continually grow and learn.
3. *Trust and openness.* Spiritual organizations are characterized by mutual trust, honesty, and openness. Managers aren't afraid to admit mistakes. And they tend to be extremely upfront with employees, customers, and suppliers.
4. *Employee empowerment.* Managers trust employees to make thoughtful and conscientious decisions. For instance, at Southwest Airlines, employees—including flight attendants, baggage handlers, gate agents, and customer service representatives—are encouraged to take whatever action they deem necessary to meet customer needs or help fellow workers, even if it means going against company policies.
5. *Toleration of employee expression.* The final characteristic that differentiates spiritually based organizations is that they don't stifle employee emotions. They allow people to be themselves—to express their moods and feelings without guilt or fear of reprimand.