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MGMT 515

Mid-term Exam

Instructions

**READ ALL OF THESE ISTRUCTIONS FIRST!!!!!!**

This exam constitutes 20% of your total grade. You must submit your assignment in Moodle by **midnight on February 11th**.

When I grade this Mid-Term, I use the following scoring rubric for each question:

* **80%** for answer accuracy and completeness
* **10%** for citation (format, completeness, appropriateness)
* **10%** for grammar, spelling, punctuation, language use (you will not be penalized for English versus American, but translation software can cause significant problems for you here if you use that)

If you make use of published materials in forming your responses, remember to include an appropriate citation. Use APA style. Failure to properly cite the work of others will result in a reduction of your grade.

Remember that the materials presented in this course are sufficient to craft cogent responses to these questions. **DO NOT** use **Wikipedia** or a **Google Search** for your answers. Using Wikipedia will result in a reduction of your grade. **If you chose to use external references, e.g., the Internet, remember that these responses will receive greater scrutiny and any hint of plagiarism will result in a grade of zero for the entire mid-term**.

Questions:

1. (10 points) **Referring to the course materials**, describe the difference between efficiency and effectiveness in a business. What role is focused on efficiency? What role is focused on effectiveness?

Response:

In a business, efficiency is about doing things right, it’s a measure of how well or how productively resources are used to achieve goal. While effectiveness is about doing the right things, it’s a measure of appropriateness of the goals on organization is pursuing.

Managers are focused on efficiency, and leaders are focused on effectiveness;

Citation:

Class lecture (2017, July 9th, week 2), Managers and Managing with note pages 0816 slides, Organizational Performance

1. (10 points) Choose one business with which you have some familiarity and describe the division of labor within that business. **Actually** **name the business (like “McDonalds” or “Wal-Mart”, not “IT Firm”**. **Describe at least three different roles in that business**.

Response:

I am pretty familiar with my former employer Health Integrity LLC, one of its core businesses is detect and investigate Fraud, Waste, and Abuse (FWA) behaviors in Medicare and Medicaid program in order to protect those program beneficiaries and U.S. government. There’re 4 major roles patients I’d like to talk about: Modelers, SMEs, Developers and Managers.

Modelers, who are specialized at mathematics and statistics, is responsible for data analysis and building statistical models, with the help of SMEs, to detect anomalies in the medication data (Part D data, or prescriptions).

SMEs, A.K.A subject matter experts, who are usually experienced pharmacist or investigators, is responsible for providing guidance and domain knowledge to modelers and managers for building models and preparing presentations for external clients.

Developers, who are good at software engineering, is responsible to develop and maintain website (the product) to display the findings and results of predictive models in order to help external clients to utilize the finding.

Managers, who is usually either an ex-modeler or ex-SME, supervise everything, is responsible for making plans and goals, coordinating with each team, providing quick response to external clients, evaluating team member’s performance, mentoring new/junior employees etc.

Citation:

(Integrity, 2017)

1. (20 points) How might the division of labor **in the business mentioned above** be improved?

Response:

One problem my former employee usually (probably lots of small companies usually do too) faces is that it’s very hard to retain good employees, which caused some discontinuities for their projects, when one employee left the company, his/her project has to be transitioned to another which may delay the deliveries to the external clients. This is largely due to the “unprofessional” management, with the managers who were used to be a good SME or senior modeler, they don’t necessarily know the Expectancy Theory and Equity Theory very well. Thus one thing can be improved in the division of labor in my opinion is that to bring in professional management, and separate management into business orientated and personnel orientated. Thus the best employees can be identified and retained by those professional managers who understand their other needs and expectations in addition to doing a good work, thus the continuity of work won’t be affected because of the leaving of people, this can also reduce the cost of recruiting and training new people.

Citation:

Class lecture (2017, July 9th, week 2), Planner and Strategist with note pages 0816

1. (20 points) Tom runs a sales team for a pharmaceutical company. The team meets their sales quotas and maintains their numbers adequately, but in annual feedback surveys, Tom sees employees are not motivated in their work. They cite that they have good pay and benefits, as well as a feeling they will keep their jobs. What they do not see, however, is a chance to move up in the organization or enough recognition for the work they accomplish.

What motivation theory is Tom seeing at work here? Explain the theory and what Tom can do to improve the situation.

Response:

The motivation theory Tom is seeing is the “Motivation Hygiene Theory”.

This theory is also known as two-factor theory, created by a psychologist Frederick

Herzberg is one of the motivation theories that states that there’re two set of job-related factors, one set lead to extreme satisfaction in the job and also the other set lead to extreme dissatisfaction in the job (Academy, 2013).

According to the Two-Factor Theory, Tom could give some challenging work to his employees and set up some award to recognize his employees’ accomplishment, promote those who did well in the organization and so they can bear more responsibilities.

Citation:

Academy, A. B. (Composer). (2013). Frederick Herzberg's Two-Factor Theory of Motivation. [A. B. Academy, Performer] US.

1. (10 points) Explain why management might take both Theory X and Theory Y approaches to managing a workforce.

Response:

Because it all depends on which kind of employee the management will be dealing with.

If the management thinks their employees don’t like what they do at work and have little motivation, then according to the Theory X and Theory Y, the management may adopt Theory X, since it emphasizes the importance of strict supervision, external rewards and penalties in order to make sure that the work is done properly.

While if the management believes their employees like what they do at work very much and are very motivated, then the management should suit the managerial style of Theory Y, since it focuses on the motivating role of job satisfaction and encourages workers to approach tasks without direct supervision.

So, it’s important to understand what really motivates the employees thus the management would know what management style should be adopted (Team).

Citation:

Team, M. T. (n.d.). Theory X and Theory Y - Understanding People's Motivations. Retrieved from Mind Tools: <https://www.mindtools.com/pages/article/newLDR_74.htm>

1. (10 points) Describe Michael Porter’s Five Forces Model.

Response:

Michael Porter’s Five Forces Model, created by Harvard Business School professor Michael Porter, is one of the most popular and highly regarded business strategy tools to analyze five competitive forces that shape every industry, and help determine an industry’s weaknesses and strengths, therefore attractiveness such as profitability.

1. Threat of New Entrants. This force analyzes the ease of entry for new participants in the marketplace, if entry is easy then this factor indicates a high level of competition.
2. Intensity of Competition. This force evaluates the number and activity of a company’s rivals. Where rivalry is intense, companies can attract customers with aggressive price cuts and high-impact marketing campaigns. Also, in markets with lots of rivals, your suppliers and buyers can go elsewhere if they feel that they're not getting a good deal from you. On the other hand, where competitive rivalry is minimal, and no one else is doing what you do, then you'll likely have tremendous strength and healthy profits.
3. Bargaining Power of Suppliers. This force analyzes the number of your suppliers and how easy for them to increase their prices. The more you have to choose from, the easier it will be to switch to a cheaper alternative. But the fewer suppliers there are, and the more you need their help, the stronger their position and their ability to charge you more, which can impact your profit.
4. Bargaining Power of Buyer. This force is to analyze how easy it is for buyers to drive your prices down. When you deal with only a few savvy customers, they have more power, but your power increases if you have many customers.
5. Threat of substitutes. This farce analyzes the likelihood of your customers finding a different way of doing what you do. A substation that is easy and cheap to make can weaken your position and threaten your profitability. (Team M. T.-U.)

Citation:

Team, M. T.-U. (n.d.). Porter's Five Forces. Retrieved from Mind Tools:

https://www.mindtools.com/pages/article/newTMC\_08.htm

1. (10 points) Describe five organizational structures that management might use to organize a corporation. **Explain** the advantage of each structure in your response.

Response:

Functional Structure: its advantages are that the personnel is organized by function, it encourages learning from others in function and centralizes expertise. It’s easier for managers to monitor and evaluate and allows for tailoring functions to exploit a competitive advantage. Its biggest advantage is the opportunity to take advantage of economies of scale and work sharing.

Divisional Structure: It allows a team to focus upon a single product or service, with a leadership structure that supports its major strategic objectives. Having its own president or vice president makes it more likely the division will receive the resources it needs from the company. Also, a division's focus allows it to build a common culture and esprit-de-corps that contributes both to higher morale and a better knowledge of the division's portfolio.

Matrix Structure: its potential advantages include better cooperation and problem solving, increased flexibility, improved strategic management, better customer service and performance accountability (CliffsNotes).

Team Structure: its advantage include that the breaking down of intradepartmental barriers, speeding up of decision-making and response times. Employees are motivated and levels of managers are eliminated thus the administrative costs are lowered (CliffsNotes).

Network Structure: this structure allow managers contract out specific work to specialists thus it provides flexibility and reduce overhead because the size of staff and operations can be reduced (CliffsNotes).

Citation:

Class lecture (2017, July 30th, week 5), Managing Orgainzational Design and Culture with note pages 0816.

CliffsNotes. (n.d.). Five Approaches to Organizational Design. Retrieved from CliffsNotes: https://www.cliffsnotes.com/study-guides/principles-of-management/organizational-design-and-structure/five-approaches-to-organizational-design

1. (20 points) Bancroft and Associates supplies ductwork for industrial heating and air conditioning units. In the off-site for developing the company’s strategy for the next 5 years, the CEO and CFO differ on what to focus on. The CEO wants to use past trends and market forecast models to create a rational process for the future. The CFO wants to focus on leveraging the company’s unique skills, abilities and resources to better position the company for the future.

What two schools of strategy are demonstrated here? What are the limitations/weaknesses of each of them?

Response:

The CEO demonstrated the learning school of strategy. Since he keeps a watch over what has already happened and then forms the future strategy looking at the past. Its limitations/weaknesses are that it might not be useful at time of crisis, and it won’t be helpful in creating something outstanding because its basic assumption is that what worked in the past will work again in the future, while future could be different from the past thus this strategy might not work well under quite different circumstances.

The CFO demonstrated the design school of strategy. Since he wants to do an internal analysis and tries to match its internal strength with the market strength in order to better position the company for the future. While its limitations/weaknesses are that the knowledge itself to understand both conducting an internal analysis and matching external market knowledge is limited, without proper knowledge is used, this school of thought will fail (Bhasin, 2016).

Citation:

Bhasin, H. (2016, 12 5). Mintzberg’s 10 school of thoughts for Strategy formulation – School of thoughts in management. Retrieved from marketing91: http://www.marketing91.com/10-schools-thoughts/

1. (20 points) You are the manager of a hotel. When walking around the building you frequently find some of the cleaning staff talking in groups around their carts or near the supply closet. When you come by, they curtail their discussions and stock their carts or enter rooms to clean them.

What are you seeing here and what actions would you take to reduce this behavior among the cleaning staff? Be specific.

Response:

Clearly what the manager can see is that the cleaning staff doesn’t enjoy what they do and are not self-motivated at all, and it’s also hard to establish some recognition award for their accomplishment, which is just cleaning the hotel, since it’s a low level of job. Thus in order to reduce this kind of behavior among them, the management should suit the managerial style of Theory X, which is to emphasize the importance of strict supervision, external rewards and penalties in order to make sure that the work is done properly. If whenever this kind of behavior is found by the management again, the cleaning staff would be penalized, then this kind of behavior would expect to be reduced.

Citation:

Team, M. T. (n.d.). Theory X and Theory Y - Understanding People's Motivations. Retrieved from Mind Tools: <https://www.mindtools.com/pages/article/newLDR_74.htm>

1. (20 points) A group of representatives from one of Germany's largest labor unions, marched on one of Amazon's eight German distribution centers. Armed with 37,000 petition signatures, the group demanded a meeting with Amazon executives to negotiate a union wage contract for its German workforce. Amazon, which employs 8,000 people in Germany, has refused to communicate with union officials, emphasizing that it already pays above the union rate. The union has protested the "Big Brother" atmosphere where "everything is measured, everything is calculated, everything is geared toward efficiency." The union is also protesting the treatment of the 10,000 temporary workers that Amazon buses in from Spain and Romania to meet Christmas demand, citing German legislation, introduced in 2005 that lowered labor regulations, as a main contributor to the problem. Amazon is quickly becoming despised for personifying the qualities of American-style management that Germans despise. "People want to be treated with respect," argues the union leader.

Should Amazon insist on American-style management in Germany?

In general, should firms adopt local customs in its operations?

Response:

No, Amazon should not insist on American-style management in Germany any more. Explanations are below.

In general, according to Porter’s Five Forces Model, whether a firm should adopt local customs in its operations or not should depend on the intensity of competition. In this case Amazon clearly depends on its local employees to distribute its products to customers, since lots of them joined the labor union, who has a very powerful bargain power, thus Amazon is at a disadvantaged position here when strikes happens, this is also because of that Amazon faces a big threat of substitutes and competitive market rivalries. As a large online retailer Amazon faces many market rivalries like Ebay and other local market places, if the products purchased online can’t be delivered to customers on time, the customer can easily switch to other retailers or local market stores. Hence, Amazon should not insist on its American-style management in Germany, adopt local customs and start to negotiate with the representatives of the union labors.

Citation:

Team, M. T.-U. (n.d.). Porter's Five Forces. Retrieved from Mind Tools:

https://www.mindtools.com/pages/article/newTMC\_08.htm

1. (10 points) **In your own opinion**, what factors should you think about when working with a virtual team versus face-to-face?

Response:

A virtual team usually refers to a team of members that work together while physically located in different regions, cities or even countries.

The first factor to consider is the effect of communication technology on information processing. High tech communication tools with a high degree of synchronicity allow the participants to communicate in real time, while synchronicity is a core factor influencing the knowledge integration. There is a direct effect of communication technology on the knowledge pool and the use of knowledge in virtual teams. In addition, virtual communication has an indirect effect on the way teams process information.

The second factor is the effect of national and cultural diversity. The wide geographical diversity of virtual teams may have impact on the team performance due to the cultural reasons. The following two hypothesis have been proved or partially supported by the second reference paper.

“Hypothesis 1 – Higher levels of cultural diversity will be associated with lower cohesion and higher conflict, and lower team outcomes.

Hypothesis 2 – Communication mode moderates the relationships between cultural diversity and team processes and outcomes. Specifically, culturally heterogeneous virtual teams using communication technologies with reductive capabilities will have higher cohesiveness, less conflict, better task performance, and higher satisfaction than culturally heterogeneous F2F teams.”

The third factor to think about is the management difference. Managing virtual teams is a challenge, because the team processes are constrained (for example planning and coordination due to the information technology), the development of trust, cohesion and a strong team identity, the difficulties in transactive memory and integration of information and the choice of communication technology.

Citation: (Not required for this answer if you use your own thoughts/opinions)

Petru L. Curs¸eu, R. S. (2005). How do virtual teams process information? A literature review and implications for management.

D. Sandy Staples, Lina Zhao (2006). The Effects of Cultural Diversity in Virtual Teams

Versus Face-to-Face Teams.

1. (10 points) According to the course materials, what is the basis of a **manager’s** power?

Response:

The basis of a manager’s power is expert power, relevant power and relevant power.

Expert power: is based on special knowledge, skills, and expertise, tends to be used in guiding or coaching.

Coercive power: the ability to punish others.

Relevant power: is derived from subordinates’ and peers’ respect, admiration, loyalty and trust.

Citation:

Class lecture (2017, July 16th, week 3), Leadership with note pages 0816.

1. (10 points) According to the course materials, what is the basis of a **leader’s** power?

Response:

The basis of a leader’s power is expert power and relevant power (explained in question 12).

Citation:

Class lecture (2017, July 16th, week 3), Leadership with note pages 0816.

1. (10 points) What is organizational culture?

Response:

A pattern of basic assumptions—invented, discovered, or developed by a given group as it learns to cope with its problems of external adaptation and internal integration—that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to these problems.

Members of a firm tend to develop similar views over time which may hinder their ability to adapt and respond to changes in the environment.

Citation:

Class lecture (2017, July 30th, week 5), Managing Organizational Design and Culture with note pages 0816

Edgar Schein, “Organizational Culture and Leadership,” 4th ed. (New York, Jossey Bass, 2010), p. 10.

1. (10 points) What steps can management take to change an organization’s culture?

Response:

1. Start with analyzing the current culture of the organization and evaluating the current performance under it.
2. Have a clear picture of the future mission and desired outcomes with the change.
3. Identify individual tasks with work breakdown structure.
4. Associate tasks with job roles (job design).
5. Organize job roles into logical groupings.
6. Decide how you want to allocate authority.
7. Decide what coordinating mechanisms you want to use
8. Choose.

Citation:

Class lecture (2017, July 30th, week 5), Managing Organizational Design and Culture with note pages 0816.

# Bibliography

Academy, A. B. (Composer). (2013). Frederick Herzberg's Two-Factor Theory of Motivation. [A. B. Academy, Performer] US.

Bhasin, H. (2016, 12 5). *Mintzberg’s 10 school of thoughts for Strategy formulation – School of thoughts in management*. Retrieved from marketing91: http://www.marketing91.com/10-schools-thoughts/

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Team, M. T.-U. (n.d.). *Porter's Five Forces*. Retrieved from Mind Tools: https://www.mindtools.com/pages/article/newTMC\_08.htm