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Spring 2007

Business 50.1 Management

Study Guide Solutions 1 & 2

Midterm Exam- Chapters 1-11

Preparing for the exam:

1-memorize study guides

2-study notes

3-study chapter 10 and 11

from Project 1

Chapter 1

1. What is Organizational Performance?

This is a measure of how efficiently and how effectively the resources of the organization are being used to both satisfy customers and to achieve organizational goals.

2. What is efficiency?

Efficiency is a measure of how well a manager used the firm's resources to achieve certain goals. Improvements in efficiency suggests either using less resources or inputs to create a certain output, or a decrease in the amount of time needed to produce the same output.

3. What is effectiveness?

Effectiveness measures the degree to which the goals are being achieved and the appropriateness of the goals.

List the four managerial functions and give a 1-2 sentence definition.

4. Planning – identifying and selecting goals and the process of choosing the path that the company will take in order to achieve those goals.
5. Organizing – defining the working relationships and reporting relationships that will allow workers to achieve the organizations goals.
6. Leading – motivating, influencing, and inspiring workers to achieve the goals of the organization.
7. Controlling – evaluating how well the organization is achieving its goals and taking action to improve performance.

List 3 levels of management and give a 1-2 sentence definition

8. First-Line Managers – supervisors responsible for directing non managerial workers.
9. Middle Managers – they supervise the supervisors (first-line managers).
10. Top Managers – responsible for the performance of all the departments

List and briefly define the 3 roles identified by Mintzberg

11. **Decisional Roles** – used to plan organizational strategy and to use resources and include the specific roles of an
 - ❖ Entrepreneur- developing innovative goods and services
 - ❖ Disturbance handler - taking quick action to solve unexpected problems
 - ❖ Resource allocator - applying resources to departments
 - ❖ Negotiator - working with other groups to achieve agreement

12. **Interpersonal Roles** – provide direction and supervision to workers
 - ❖ Figurehead – setting future organizational goals
 - ❖ Leader- providing a good example for workers to follow
 - ❖ Liaison- coordinating work across different departments

13. **Informational Roles** – obtaining and sending information
 - ❖ Monitor – evaluating the performance of managers in different departments
 - ❖ Disseminator- informing workers about both the internal and external changes that affect their work
 - ❖ Spokesperson-representing the organization to external groups

List 3 types of managerial skills and briefly explain

14. Conceptual skills – the skills managers should have in order to be able to clearly assess a situation and figure out what caused a certain outcome

15. Human skills – the skills that are necessary in order to be able to make people do what is necessary of them. The ability to understand and lead others

16. Technical skills – job specific knowledge, skills and techniques needed to perform specific jobs.

List briefly and give a brief explanation of 6 ways a company can achieve a competitive advantage.

17. **increasing efficiency** - fewer resources are used to produce the same output.

18. **increasing a products quality** - delivering higher quality than competitors

19. **increase speed**- bring new products to market faster and producing goods faster than other companies

20. **improve flexibility** – change the way in which activities are performed to maximize efficiency and effectiveness.

21. **Innovation** – create new goods and services that customers want

22. **Increasing the responsiveness**- respond to the needs and demands of the customer.

Chapter 2

23. What is job specialization?

Each worker is assigned a specific task rather than have one worker perform all the tasks.

24. Briefly explain Max Weber's Theory of Bureaucracy.

A formal system of organization that is designed to ensure efficiency and effectiveness. According to Weber the manager must be able to hold workers accountable for their actions, define reporting relationships, develop rules, and provide standard operating procedures.

List the 4 components of Weber's theory and briefly explain.

25. **Standard Operating Procedures:** There must be a clear system of rules and standard operating procedures within the organization so that workers know how to perform tasks and how to behave.

26. **Organizational Structure** - there is to be a "clearly specified hierarchy of authority." Reporting relationships must be defined.

27. **Authority** – must have the power to hold workers accountable for their actions and have a "selection and evaluation system" so that the performance of each employee is documented.

28. **Rules** - need to have a clearly defined set of tasks that each employee needs to perform as well as the roles that each individual is required to play within the firm.

List and briefly define Fayol's 14 principles of management.

29. **Division of labor** – allowing workers to specialize in specific task. However, job specialization increased boredom and monotony, so he stated that it would be best to give each worker a few different tasks to perform
30. **Authority and responsibility** –managers have the right to give orders and expect obedience
31. **Unity of command** –each person should only receive orders from one supervisor
32. **Line of authority** – the chain of command within an organization must be respected and less levels in the chain will improve productivity
33. **Centralization** – the concentration of authority at the top slows decision making
34. **Unity of direction** – There should also be one plan of action for all managers and workers.
35. **Equity** – all workers should be treated fairly and with respect
36. **Order** –there should be a clear arrangement of positions that will allow workers to be promoted and to optimize efficiency
37. **Initiative** – allow workers to be creative and innovative in their work. They should have autonomy to complete certain tasks as necessary.
38. **Discipline** – managers need to encourage workers to focus on accomplishing the organization's goals
39. **Remuneration of personnel** – there should be a reward system that is fairly compensates employees and motivate them to achieve the organization's goals.
40. **Stability of tenure of personnel** – the need to keep employees for a long time to leverage their institutional memory (knowledge and skills)
41. **Subordination of individual interests to the common interest** – All employees should be aware of how their work affects the entire organization.
42. **Esprit de corps** –There should be common feelings of “comradeship, enthusiasm, or devotion to the common cause” of the company.