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Business 50.1 Management

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Study Guide Solutions
Chapters 3, 7, & 8

Chapter 3

List and briefly define the Big Five personality traits

1. Extraversion – is the tendency of a person to feel good about themselves, to experience positive moods and motions and to feel good about the world around them.
2. Negative Affectivity – is the tendency to experience negative emotions and moods and to be critical of oneself and others.
3. Agreeableness – refers to the tendency to get along well with other people
4. Conscientiousness – refers to the tendency of a person to be very careful, organized, and detailed oriented.
5. Openness to experience – refers to the tendency to be original and innovative in thinking. These kinds of people are not afraid to try new things and take risks.

6. Define Internal and External Locus of Control

Internal locus of control is when an individual feels as if they are responsible for their own destiny, circumstance, or fate and hold themselves accountable. They believe that their actions determine their future.

External locus of control refers to the belief that outside forces are responsible for what happens to the manager and that their own actions do not make much of a difference on their circumstance.

7. Define Terminal and Instrumental Values.

Terminal values are the manager's lifelong goals and objectives.

Instrumental values refers to a manager's perception of how they are supposed to act and behave.

8. List 3 reasons **discussed in class** why employees don't do what they should...other than the reasons listed below

Don't feel appreciated

No room for advancement

Issues at home not related to work

Job is boring

9. What is organizational culture?

Organizational culture is the shared beliefs, expectations, values, norms, and work routines that influence how employees relate to each other and work together. The values and beliefs of the founder have a lasting impact on the organizational culture.

Chapter 7 The Manager as a Decision Maker

1. What is **Programmed Decision Making** ?

routine decisions that have been made many times in the past and usually a policy or procedure has been created to standardize the decision

2. What is **Non Programmed Decision Making**?

Non-routine decisions that requires intuition and judgment. Often a formal decision making process is used to identify and evaluate alternatives

3. What is **group think**?

Group think is when the members of a group or team agree or try to agree with each other instead of accurately evaluating the information available. When the team is not diverse then shared biases and opinions guide the group's decisions instead of facts.

List and define 4 types of **cognitive biases**

4. Prior-Hypothesis Bias – making a decision based on past beliefs even when new evidence show that those beliefs are incorrect.

5. Representativeness Bias – generalizing from a limited number of inputs or small sample size

6. Illusion of Control – this occurs when top level management begin to feel that they are in complete control over a situation. They overestimate their ability to control events.

7. Escalating Commitment – because the manger has already invested a great deal of money, time, and effort into a project they are reluctant to cancel the project despite input that the project is failing

List and explain the 6 steps in the **decision making process**

8. **Recognize Need.** managers need to recognize the need for a decision to be made.

9. **Create Alternatives** managers must identify multiple courses of actions. Usually a brainstorming process is deployed to generate ideas and options

10. **Evaluate Alternatives** managers need to weigh the pros and cons of each alternative apply the following criteria

- a. Legality – is the alternative legal?
- b. Ethicalness – is the alternative ethical?
- c. Economically Feasible –Consider the costs and the benefits.
- d. Practicality- what is the probability of success?

11. **Choose among the alternatives.** Select the alternative that is the most practical and financially feasible. Alternatives that are not legal or ethical should not be considered.

12. **Implement the chosen alternative.** Carryout the steps necessary to flawlessly implement the decision.

13. **Learn from Feedback.** Evaluate the success of the initiative and learn from the situation

14 Define **Devil's Advocacy**

one member of the group challenges the group's thinking

15 What is a **learning organization?**

A learning organization maximizes the ability of workers to think and act creatively and to share information and expertise with other team members.

List and briefly explain Senge's 5 principals in creating a learning organization

16. **Top managers must allow personal mastery in all workers** allow employees more freedom to be creative and to give them more power to decide things on their own.

17. **Organizations must encourage employees to thinking of new and better ways to think and act...thinking outside the box**

18. **Managers must promote group creativity.**

19. **Managers must build a shared vision, mission, and goals that everyone follows.**

20. **Managers must encourage systems thinking.** each step in the learning process needs to logically follow the other. For example, there is little point in creating teams to facilitate team learning if managers do not also take steps to give employees the freedom to develop a sense of personal mastery.

21 Explain the technique of **brainstorming**

a few individuals meet to generate a wide variety of alternatives and potential solutions to a problem without prescreening ideas

22 Explain the **nominal group technique**

one person outlines the problem. group members write down ideas and solutions, read them to the whole group, discuss and then rank each alternative. Nominal group technique is used to minimize mental blocking and prescreening of ideas....which frequently occurs during a brainstorming session.

23 Explain the **Delphi technique**

group members do not meet, but respond in writing to questions from the group leader.

Chapter 8 The Manager as a Planner

Planning is the process of:

identifying and selecting the goals that an organization will try to achieve and the course of action that they will take to achieve them.

List and briefly define 3 types of plans

A. **corporate-level plan** - top management develops the plan and outlines the mission and goals of the entire company.

B. **business-level plan** – this plan is created by each division or strategic business unit within a company and it outlines the strategies and tactics the division will take to support the corporate plan and help achieve the corporate mission and goals.

C. **functional-level plan** – these plans are created by the executives of each department or function. It outlines what the department will do to assist in reaching the business level goals and also the corporate goals.

List and briefly define 3 time planning time horizons

A. **long term plans** - 5 years or more. This is usually used for the corporate-level plans and in many cases for the business-level plan.

B. **Intermediate-term plans** - from 1-5 years

C **short term plan** – one year or less. functional-level plans are usually short-term or intermediate-term

Explain the difference between standing plans and single use plans

Standing plans are used for routine decisions and are of three types.

1. Policies – which are guides to courses of action that need to be taken.
2. Rules –similar to policies except they are written courses of action.
3. SOPs (Standard Operating Procedures) – this is a written course of action which is much more detailed than rules. SOPs state the exact steps that need to be taken in certain situations.

Single use plans are created to facilitate non-programmed decision making situations. These are situations that rarely occur or have never occurred before. Programs and projects are kinds of single-use plans.

List 4 reasons why planning is important

A. planning forces managers to participate in decision making and gets them in the habit of developing plans. Hope is not a plan! Those who fail to plan, plan to fail!

B. planning gives the organization direction and purpose.

C. a plan coordinates the activities of managers in different functional areas to ensure that they are all working toward the same goal.

D. a plan is a way to hold managers accountable for their performance and for measuring their contributions to the organization.

What is a SWOT Analysis?

a way of identifying and documenting the internal (Strengths & Weaknesses) and external (Opportunities & Threats) factors affecting a firm and their competitors.

List and briefly explain each of the 5 elements in Porter's 5 Forces model

A. Rivalry amongst competitors. When few competitors control the market then the market is considered highly concentrated and rivalry is intense. If there is intense rivalry, profits are reduced and the market is considered less attractive. When there are many competitors each with a small share of the market then the market is classified as being fragmented. We need to distinguish between direct and indirect competitors.

B. Threat of Entry. In some markets there are barriers to entry that keep others from entering a market. Some barriers to entry include economies of scale, capital expenditures, and advertising spending. When barriers to entry exist the market is more attractive to existing market participants.

C. Power of Suppliers. If suppliers are few, then they have power and they can charge more for their goods and services.

D. Power of Buyers. If there are few buyers, then buyers have the power and they can demand lower prices from the suppliers.

E. Threat of Substitute Products - If there are many other products that are very similar to the one your firm is selling, the price will be lower and so will be profits.