

Exam

Name \_\_\_\_\_

**TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.**

1) According to Adam Smith, division of labour was an important concept.

Answer:  True  False

Diff: 1

Topic: Historical background of management

Objective: LO1

2) In the Industrial Revolution, machine power began substituting for human power.

Answer:  True  False

Diff: 1

Topic: Historical background of management

Objective: LO1

3) The Industrial Revolution began in the 19th century.

Answer:  True  False

Diff: 2

Topic: Historical background of management

Objective: LO1

4) An early example of the assembly line was developed during the 1400s by the British.

Answer:  True  False

Diff: 1

Topic: Historical background of management

Objective: LO1

5) In the early 1800s, the first major steps towards developing a theory of management were undertaken.

Answer:  True  False

Diff: 2

Topic: Historical background of management

Objective: LO1

**MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.**

6) Adam Smith's The Wealth of Nations asserted that the primary economic advantage of societies would be gained from which of the following concepts?

A) management planning and control

B) on-the-job training

C) union representation

D) fair employment legislation

E) division of labour

Answer: E

Diff: 3

Topic: Historical background of management

Objective: LO1

7) Which of the following is NOT a reason Smith claimed enhanced productivity from division of labour?

A) increasing worker skill and dexterity

B) saving time lost in changing tasks

C) creating labour-saving inventions

D) strict management control over worker time and motion

E) creating labour-saving machinery

Answer: D

Diff: 2

Topic: Historical background of management

Objective: LO1

8) Which of the following statements is true regarding the Industrial Revolution?

- A) It began in the 19th Century.
- B) It was started in Great Britain.
- C) It had a major impact on the outcome of the Civil War.
- D) It was focused on increasing agrarian concepts.
- E) It was an early form of 'downsizing.'

Answer: B

Diff: 1

Topic: Historical background of management

Objective: LO1

A Look Back (Scenario)

Cindy Reynolds, tired from working with customers all day, decided to take a fifteen-minute nap to help clear her head before the 4:15 managers' meeting. Her company had recently begun a re-engineering process as well as other changes requiring copious management input. As she leaned back in her chair, she wondered if management science had always been this way and how it all began. As she napped, she dreamed that, along with 'Spirit of Management Past' as her guide, she was travelling in the 'Management Way Back Machine' that took her back through management history.

9) Refer to A Look Back (Scenario). One of the earliest sites Cindy visited was Adam Smith's home, author of The Wealth of Nations, which suggested that organisations and society would gain from \_\_\_\_\_.

- A) time management
- B) division of labour
- C) group work
- D) quality management
- E) time and motion studies

Answer: B

Diff: 2

Topic: Historical background of management

Objective: LO1

10) Refer to A Look Back (Scenario). Cindy also learned that the Industrial Revolution began in Great Britain and crossed over to America \_\_\_\_\_.

- A) shortly after the Revolutionary War
- B) by about 1820
- C) by the end of the Civil War
- D) in 1910
- E) right before World War One

Answer: C

Diff: 2

Topic: Historical background of management

Objective: LO1

**TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.**

11) Principles of Scientific Management was written by Fredrick Taylor.

Answer:  True      False

Diff: 1

Topic: Classical approach

Objective: LO2

12) 'One best way' is the phrase most associated with scientific management.

Answer:  True  False

Diff: 2

Topic: Classical approach

Objective: LO2

13) The primary issue that aroused Taylor to create a more scientific approach to management was worker effectiveness.

Answer:  True  False

Diff: 2

Topic: Classical approach

Objective: LO2

14) Based on his scientific management principles, Taylor suggested the incentive pay principle.

Answer:  True  False

Diff: 2

Topic: Classical approach

Objective: LO2

15) Frank Gilbreth's best-known contribution to scientific management concerned selecting the best worker.

Answer:  True  False

Diff: 2

Topic: Classical approach

Objective: LO2

16) Gilbreth is best known for 'the one best way.'

Answer:  True  False

Diff: 2

Topic: Classical approach

Objective: LO2

17) Frederick Taylor is most closely associated with the principles of scientific management.

Answer:  True  False

Diff: 1

Topic: Classical approach

Objective: LO2

**MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.**

18) Modern management theory can be traced to what year?

A) 1901

B) 1911

C) 1917

D) 1921

E) 1927

Answer: B

Diff: 1

Topic: Classical approach

Objective: LO2

19) *Principles of Scientific Management* was written by which author?

A) Fayol

B) Mintzberg

C) Taylor

D) Drucker

E) Carnegie

Answer: C

Diff: 1

Topic: Classical approach

Objective: LO2

20) Which of the following phrases is most closely associated with scientific management?

- A) management relations
- B) one best way
- C) supply and demand
- D) quality control
- E) machinery over humans

Answer: B

Diff: 1

Topic: Classical approach

Objective: LO2

21) The primary issue that aroused Taylor to create a more scientific approach to management was \_\_\_\_\_.

- A) worker efficiency
- B) worker effectiveness
- C) worker absenteeism and turnover
- D) workplace safety
- E) worker/management relations

Answer: A

Diff: 2

Topic: Classical approach

Objective: LO2

22) According to the textbook, probably the best-known example of Taylor's scientific management was the \_\_\_\_\_ experiment.

- A) horse shoe
- B) pig iron
- C) blue collar
- D) fish tank
- E) incentive pay

Answer: B

Diff: 2

Topic: Classical approach

Objective: LO2

23) Which of the following is NOT one of Taylor's four principles of management?

- A) Develop a science for each element of an individual's work, which will replace the old rule-of-thumb method.
- B) Scientifically select and then train, teach, and develop the worker.
- C) Ensure incentives and the work environment support the right results based on scientific principles.
- D) Provide managers with less work than other employees so the managers can plan accordingly.
- E) Divide managing and work responsibilities to use people's strengths.

Answer: D

Diff: 2

Topic: Classical approach

Objective: LO2

24) Based on his scientific management principles, Taylor suggested which of the following pay principles?

- A) monthly salary
- B) monthly salary with bonus
- C) seniority pay

D) Scanlon plans

E) incentive pay

Answer: E

Diff: 2

Topic: Classical approach

Objective: LO2

25) Which of the following individuals became known as the 'father' of scientific management?

A) Michael Porter

B) Frederick Taylor

C) Frank Gilbreth

D) Geert Hofstede

E) Abraham Maslow

Answer: B

Diff: 1

Topic: Classical approach

Objective: LO2

26) Frank Gilbreth is associated with which management approach?

A) General Administrative

B) Human Resource

C) Quantitative

D) Systems

E) Scientific

Answer: E

Diff: 1

Topic: Classical approach

Objective: LO2

27) Frank Gilbreth's best known contribution to scientific management concerned which of the following issues?

A) reducing the number of motions

B) pay systems

C) selecting the best worker

D) inventory control

E) management's role

Answer: A

Diff: 2

Topic: Classical approach

Objective: LO2

28) According to the textbook, Frank Gilbreth is probably best known for his experiments in \_\_\_\_\_.

A) software development

B) brick laying

C) computer chips

D) illumination in the workplace

E) artistic design

Answer: B

Diff: 2

Topic: Classical approach

Objective: LO2

29) \_\_\_\_\_ was among the first researchers to use motion pictures to study hand-and-body motions.

A) Michael Porter

B) Frederick Taylor

- C) Frank Gilbreth
- D) Geert Hofstede
- E) Thomas Edison

Answer: C

Diff: 2

Topic: Classical approach

Objective: LO2

30) A 'therblig' concerns what scientific management workplace issue?

- A) optimum temperature for workplace efficiency
- B) basic hand motions
- C) optimum speed for basic motions
- D) weight/movement ratios
- E) hand/eye speed

Answer: B

Diff: 2

Topic: Classical approach

Objective: LO2

31) Which of the following is a fundamental contribution of scientific management?

- A) It could raise a country's standard of living through improved production efficiency.
- B) It provided for management control, a basic management function.
- C) It provided the basis for the coming rise of unionisation.
- D) It led to lower overall wages, thereby increasing organisational profitability.
- E) It opened the door for women in the workplace.

Answer: A

Diff: 3

Topic: Classical approach

Objective: LO2

**TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.**

32) Max Weber was among the first researchers to use motion pictures to study hand-and-body motions.

Answer: True  False

Diff: 2

Topic: Classical approach

Objective: LO2

**MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.**

A Look Back (Scenario)

Cindy Reynolds, tired from working with customers all day, decided to take a fifteen-minute nap to help clear her head before the 4:15 managers' meeting. Her company had recently begun a re-engineering process as well as other changes requiring copious management input. As she leaned back in her chair, she wondered if management science had always been this way and how it all began. As she napped, she dreamed that, along with 'Spirit of Management Past' as her guide, she was travelling in the 'Management Way Back Machine' that took her back through management history.

33) Refer to A Look Back (Scenario). Cindy also visited a bookstore where there was a book signing occurring. She looked down and saw that the title of the book was *Principles of Scientific Management* and concluded that the author must be

\_\_\_\_\_.

- A) Adam Smith
- B) Frank Gilbreth
- C) Henry Gantt
- D) Frederick Taylor
- E) Henri Fayol

Answer: D

Diff: 1

Topic: Classical approach

Objective: LO2

34) Refer to A Look Back (Scenario). Cindy admired the works of Taylor and Gilbreth, two advocates of \_\_\_\_\_.

- A) scientific management
- B) organisational behaviour
- C) human resource management
- D) motivation
- E) leadership

Answer: A

Diff: 2

Topic: Classical approach

Objective: LO2

35) Refer to A Look Back (Scenario). Cindy spent some time visiting with \_\_\_\_\_, a researcher she previously knew little about but who also contributed to management science by being among the first to use motion picture films to study hand-and-body motions and by devising a classification scheme known as a 'therblig.'

- A) Henry Gantt
- B) Max Weber
- C) Chester Barnard
- D) Frank Gilbreth
- E) Mary Parker Follett

Answer: D

Diff: 2

Topic: Classical approach

Objective: LO2

**ESSAY. Write your answer in the space provided or on a separate sheet of paper.**

36) In a short essay, discuss Frederick Taylor's work in scientific management. Next, list Taylor's four principles of management.

Answer: Frederick Taylor did most of his work at the Midvale and Bethlehem Steel Companies in Pennsylvania. As a mechanical engineer with a Quaker and Puritan background, he was continually appalled by workers' inefficiencies. Employees used vastly different techniques to do the same job. They were inclined to 'take it easy' on the job, and Taylor believed that worker output was only about one-third of what was possible. Virtually no work standards existed. Workers were placed in jobs with little or no concern for matching their abilities and aptitudes with the tasks they were required to do. Managers and workers were in continual conflict. Taylor set out to correct the situation by applying the scientific method to shop floor jobs. He spent more than two decades passionately pursuing the 'one best way' for each job to be done.

Taylor's Four Principles of Management

1. Develop a science for each element of an individual's work, which will 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 takes over all work for which it is better fitted than the workers.

Diff: 3

Topic: Classical approach

Objective: LO2

37) In a short essay, discuss the work in scientific management by Frank and Lillian Gilbreth.

Answer: Frank Gilbreth is probably best known for his experiments in bricklaying. By carefully analysing the bricklayer's

job, he reduced the number of motions in laying exterior brick from 18 to about 5, and on laying interior brick, the motions were reduced from 18 to 2. Using the Gilbreth's techniques, the bricklayer could be more productive and less fatigued at the end of the day. The Gilbreths were among the first researchers to use motion pictures to study hand-and-body motions and the amount of time spent doing each motion. Wasted motions missed by the naked eye could be identified and eliminated. The Gilbreths also devised a classification scheme to label 17 basic hand motions, which they called therbligs. This scheme allowed the Gilbreths a more precise way of analysing a worker's exact hand movements.

Diff: 2

Topic: Classical approach

Objective: LO2

**TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.**

38) General administrative theory focuses on managers and administrators.

Answer: True  False

Diff: 2

Topic: General administrative theory

Objective: LO3

39) One could say that Fayol was interested in studying macromanagement issues, whereas Taylor was interested in studying micromanagement issues.

Answer:  True False

Diff: 2

Topic: General administrative theory

Objective: LO3

40) The 14 principles of management are associated with Fayol.

Answer:  True False

Diff: 2

Topic: General administrative theory

Objective: LO3

41) An organisation that has a division of labour, clearly defined hierarchy, detailed rules, and impersonal relationships would be described as a bureaucracy.

Answer:  True False

Diff: 2

Topic: General administrative theory

Objective: LO3

42) Bureaucracy, as described by Weber, emphasises rationality and interpersonal relationships.

Answer: True  False

Diff: 2

Topic: General administrative theory

Objective: LO3

43) Weber's bureaucracy is a lot like scientific management.

Answer:  True False

Diff: 2

Topic: General administrative theory

Objective: LO3

**MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.**

44) General administrative theory focuses on \_\_\_\_\_.

A) the entire organisation

B) managers and administrators

C) the measurement of organisational design relationships



- D) primarily the accounting function
- E) administrative issues affecting non-managerial employees

Answer: A

Diff: 1

Topic: General administrative theory

Objective: LO3

45) Henri Fayol would be classified under which of the following management approaches?

- A) General Administrative
- B) Scientific Management
- C) Quantitative
- D) Human Resource
- E) Systems

Answer: A

Diff: 2

Topic: General administrative theory

Objective: LO3

46) One could say that Fayol was interested in studying \_\_\_\_\_ activities of managers, whereas Taylor was interested in studying management at (the) \_\_\_\_\_ organisational level(s).

- A) all the; lowest
- B) macro; highest
- C) only the planning; lowest
- D) all the; macro
- E) only the lowest level; all

Answer: A

Diff: 3

Topic: General administrative theory

Objective: LO3

47) Which of the following is NOT one of Fayol's principles of management?

- A) division of work
- B) unity of command
- C) discipline
- D) order
- E) equality

Answer: E

Diff: 3

Topic: General administrative theory

Objective: LO3

48) The fourteen principles of management are associated with whom?

- A) Weber
- B) Drucker
- C) Taylor
- D) Gilbreth
- E) Fayol

Answer: E

Diff: 1

Topic: General administrative theory

Objective: LO3

49) An organisation that has division of labour, clearly defined hierarchy, detailed rules, and impersonal relationships would be described as what organisational type?

- A) monopoly
- B) autocracy
- C) democracy
- D) bureaucracy
- E) cooperative

Answer: D

Diff: 1

Topic: General administrative theory

Objective: LO3

50) Weber's bureaucracy is a lot like which other management approach?

- A) Scientific Management
- B) Systems
- C) Autocracy
- D) Human Resource
- E) Quantitative

Answer: A

Diff: 2

Topic: General administrative theory

Objective: LO3

51) Weber's bureaucratic organisational design may be difficult to implement in current organisations because \_\_\_\_\_.

- A) it is too flexible
- B) today's organisations have little, if any, division of labour
- C) the power of employees has increased
- D) it takes away from employee creativity
- E) inevitably, it leads to lower profitability

Answer: D

Diff: 2

Topic: General administrative theory

Objective: LO3

52) According to Weber's ideal bureaucracy, jobs broken down into simple, routine, and well defined tasks are characteristics of which feature?

- A) division of labour
- B) impersonality
- C) autocracy
- D) career orientation
- E) authority hierarchy

Answer: A

Diff: 2

Topic: General administrative theory

Objective: LO3

53) According to Weber's ideal bureaucracy, \_\_\_\_\_ is when people are selected for jobs based on technical qualifications.

- A) division of labour
- B) impersonality
- C) authority hierarchy
- D) career orientation
- E) formal selection

Answer: E

Diff: 2

Topic: General administrative theory

Objective: LO3

**ESSAY. Write your answer in the space provided or on a separate sheet of paper.**

54) In a short essay, discuss the work of Henri Fayol as it relates to the general administrative approach to management. Next list and discuss 7 of Fayol's 14 principles of management.

Answer: Fayol described the practice of management as something distinct from accounting, finance, production, distribution, and other typical business functions. He argued that management was an activity common to all human endeavours in business, government, and even in the home. He then proceeded to state 14 principles of management – fundamental rules of management that could be taught in schools and applied in all organisational situations.

Fayol's 14 Principles of Management

1. Division of work – Specialisation increases output by making employees more efficient.
2. Authority – Managers must be able to give orders. Authority gives them this right. Along with authority, however, goes responsibility.
3. Discipline – Employees must obey and respect the rules that govern the organisation.
4. Unity of command – Every employee should receive orders from only one superior.
5. Unity of direction – The organisation 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 organisation as a whole.
7. Remuneration – Workers must be paid a fair wage for their services.
8. Centralisation – 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 called 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 personal 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 organisation.

Diff: 3

Topic: General administrative theory

Objective: LO3

55) In a short essay, discuss Max Weber's contribution to the general administrative approach to management.

Answer: Max Weber was a German sociologist who studied organisational activity. Writing in the early 1900s, he developed a theory of authority structures and relations. Weber describes an ideal type of organisation he called a bureaucracy – a form of organisation characterised by division of labour, a clearly defined hierarchy, detailed rules and regulations, and impersonal relationships. Weber recognised that this 'ideal bureaucracy' didn't exist in reality. Instead he intended it as a basis for theorising about work and how work could be done in large groups. His theory became the model structural design for many of today's large organisations.

Diff: 2

Topic: General administrative theory

Objective: LO3

**TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.**

56) The quantitative approach to management has been labelled operations research or management science.

Answer:  True  False

Diff: 2

Topic: Quantitative approach

Objective: LO4

57) Linear programming is a technique that managers used to improve resource allocation decisions.

Answer:  True  False

Diff: 2

Topic: Quantitative approach

Objective: LO4

58) Decisions on determining a company's optimum inventory levels have been significantly influenced by economic order quantity modelling.

Answer:  True      False

Diff: 2

Topic: Quantitative approach

Objective: LO4

**MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.**

59) Which of the following approaches to management has also been labelled operations research or management science?

- A) the qualitative approach
- B) the quantitative approach
- C) the experimental approach
- D) linear programming
- E) the theoretical approach

Answer: B

Diff: 1

Topic: Quantitative approach

Objective: LO4

60) \_\_\_\_\_ is a technique that managers use to improve resource allocation decisions.

- A) Regression analysis
- B) Critical-path scheduling
- C) Work scheduling
- D) Linear programming
- E) Economic order quantity modelling

Answer: D

Diff: 2

Topic: Quantitative approach

Objective: LO4

61) Decisions on determining a company's optimum inventory levels have been significantly influenced by \_\_\_\_\_.

- A) work scheduling
- B) critical-path scheduling
- C) economic order quantity modelling
- D) linear programming
- E) regression analysis

Answer: C

Diff: 2

Topic: Quantitative approach

Objective: LO4

62) Work scheduling can be more efficient as a result of which of the following?

- A) information models
- B) critical-path scheduling
- C) economic order quantity modelling
- D) linear programming
- E) rostering computer models

Answer: B

Diff: 2

Topic: Quantitative approach

Objective: LO4

63) Which of the following would NOT be associated with the quantitative approach to management?

- A) information models
- B) critical-path scheduling
- C) systematic motivation of individuals
- D) linear programming
- E) statistics

Answer: C

Diff: 2

Topic: Quantitative approach

Objective: LO4

64) \_\_\_\_\_ is the generic term used to describe the quality revolution that swept through the business and public sectors during the 1980s and 1990s.

- A) Ethno quality management
- B) Total quality management
- C) Hyper quality management
- D) Partial quality management
- E) Qualitative quality management

Answer: B

Diff: 2

Topic: Quantitative approach

Objective: LO4

65) According to the textbook, \_\_\_\_\_ is a philosophy of management driven by continual improvement and responding to customer needs and expectations.

- A) ethno quality management
- B) total quality management
- C) hyper quality management
- D) partial quality management
- E) statistical quality management

Answer: B

Diff: 2

Topic: Quantitative approach

Objective: LO4

#### The New Business (Scenario)

Lois has started on her own children's clothing manufacturing company. She is a bit nervous but is confident that the company will succeed. Lois plans to implement a total quality management program in her company. To launch the program, she develops a series of training workshops for her managers.

66) Refer to The New Business (Scenario). The first training workshop explains the background of total quality management. Which of the following quality experts is Lois most likely to include in this workshop?

- A) Henry Ford
- B) Joseph M. Juran
- C) Bernie Ebbers
- D) Jeff Bezos
- E) Frank Gilbreth

Answer: B

Diff: 3

Topic: Quantitative approach

Objective: LO4

67) Refer to The New Business (Scenario). In the second workshop, Lois explains the key principles of total quality

management. Which of the following is she most likely to mention?

- A) intense focus on the customer
- B) discipline of employees
- C) focus on work products rather than processes
- D) reduced attention to complaint resolution
- E) achieving production budgets

Answer: A

Diff: 3

Topic: Quantitative approach

Objective: LO4

68) Refer to The New Business (Scenario). The third workshop is devoted to understanding how total quality management defines the term *customer*. This definition includes \_\_\_\_\_.

- A) all those who interact with the organisation's products or services
- B) only those who purchase the organisation's products or services
- C) suppliers and purchasers, but not company employees
- D) only those who register a specific complaint regarding a product or service
- E) only those who purchase goods or services regularly from the organisation

Answer: A

Diff: 2

Topic: Quantitative approach

Objective: LO4

**ESSAY. Write your answer in the space provided or on a separate sheet of paper.**

69) In a short essay, discuss the concept of total quality management and the six characteristics that describe this important concept.

Answer: A quality revolution swept through both the business and public sectors during the 1980s and 1990s. The generic term used to describe this revolution was total quality management, or TQM for short. It was inspired by a small group of quality experts, the most famous being W. Edwards Deming and Joseph M. Juran. TQM is a philosophy of management driven by continual improvement and responding to customer needs and expectations. The objective is to create an organisation committed to continuous improvement in work processes. TQM is a departure from earlier management theories that were based on the belief that low costs were the only road to increased productivity.

The Six Characteristics of Total Quality Management

1. Intense focus on the customer – The customer includes not only outsiders who buy the organisation's products or services but also internal customers (such as shipping or accounts payable personnel) who interact with and serve others in the organisation.
2. Concern for continual improvement – TQM is a commitment to never being satisfied. 'Very good' is not good enough. Quality can always be improved.
3. Process-focused – TQM focuses on work processes as the quality of goods and services is continually improved.
4. Improvement in the quality of everything the organisation does – TQM uses a very broad definition of quality. It relates not only to the final product but also to how the organisation handles deliveries, how rapidly it responds to complaints, and how politely the phones are answered.
5. Accurate measurement – TQM uses statistical techniques to measure every critical variable in the organisation's operations. These are compared against standards or benchmarks to identify problems, trace them to their roots, and eliminate their causes.
6. Empowerment of employees – TQM involves the people on the line in the improvement process. Teams are widely used in TQM programs as empowerment vehicles for finding and solving problems.

Diff: 3

Topic: Quantitative approach

Objective: LO4

**TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.**

70) Concern for employee motivation is most closely associated with organisational behaviour.

Answer:  True    False

Diff: 2

Topic: Organisational behaviour approach

Objective: LO5

71) Barnard, Follett, Munsterberg, and Owen are all theorists who are associated with the early organisational behaviour approach.

Answer:  True    False

Diff: 2

Topic: Organisational behaviour approach

Objective: LO5

72) Hugo Munsterberg created the field of industrial psychology.

Answer:  True    False

Diff: 2

Topic: Organisational behaviour approach

Objective: LO5

73) Hugo Munsterberg was an early advocate of the human resources approach to management.

Answer:  True    False

Diff: 2

Topic: Organisational behaviour approach

Objective: LO5

74) Munsterberg's work in industrial psychology is easily connected with the scientific management approach.

Answer:  True    False

Diff: 2

Topic: Organisational behaviour approach

Objective: LO5

75) The Hawthorne Studies were performed at the General Motors plant beginning in 1924.

Answer: True     False

Diff: 1

Topic: Organisational behaviour approach

Objective: LO5

76) Without question, the most important contribution to the developing field of organisational behaviour came out of the Hawthorn Studies.

Answer:  True    False

Diff: 2

Topic: Organisational behaviour approach

Objective: LO5

77) Follett is the scientist who is most closely associated with the Hawthorn Studies.

Answer: True     False

Diff: 2

Topic: Organisational behaviour approach

Objective: LO5

**MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.**

78) Concern for employee motivation is most closely associated with which management approach?

A) Bureaucracy

B) Organisational Behaviour

C) Scientific Management

- D) Systems
- E) General Administrative

Answer: B

Diff: 2

Topic: Organisational behaviour approach

Objective: LO5

79) According to the textbook, which of the following early advocates of organisational behaviour was concerned about deplorable working conditions?

- A) Robert Owen
- B) Mary Parker Follett
- C) Chester Barnard
- D) Hugo Munsterberg
- E) Fredrick Taylor

Answer: A

Diff: 2

Topic: Organisational behaviour approach

Objective: LO5

80) Which of the following early advocates of organisational behaviour created the field of industrial psychology, the scientific study of people at work?

- A) Robert Owen
- B) Mary Parker Follett
- C) Chester Barnard
- D) Hugo Munsterberg
- E) Fredrick Taylor

Answer: D

Diff: 2

Topic: Organisational behaviour approach

Objective: LO5

81) According to the textbook, \_\_\_\_\_ was one of the first to recognise that organisations could be viewed from the perspective of individual and group behaviour.

- A) Robert Owen
- B) Mary Parker Follett
- C) Chester Barnard
- D) Hugo Munsterberg
- E) Fredrick Taylor

Answer: B

Diff: 2

Topic: Organisational behaviour approach

Objective: LO5

82) Which of the following early advocates of organisational behaviour was the first to argue that organisations were open systems?

- A) Robert Owen
- B) Mary Parker Follett
- C) Chester Barnard
- D) Hugo Munsterberg
- E) Fredrick Taylor

Answer: C

Diff: 2

Topic: Organisational behaviour approach

Objective: LO5



83) Which of the following four theorists are associated with the early organisational behaviour approach?

- A) Owen, Munsterberg, Taylor, Fayol
- B) Munsterberg, Taylor, Fayol, and Follett
- C) Taylor, Fayol, Weber, and Barnard
- D) Follett, Barnard, Munsterberg, and Weber
- E) Barnard, Follett, Munsterberg, and Owen

Answer: E

Diff: 2

Topic: Organisational behaviour approach

Objective: LO5

84) Robert Owen is best remembered for \_\_\_\_\_, in contrast to Hugo Munsterberg's interest in efficiency.

- A) workplace social reform
- B) job design
- C) employee training
- D) reducing employee workplace suffering
- E) psychological testing

Answer: A

Diff: 3

Topic: Organisational behaviour approach

Objective: LO5

85) Which of the following is a major contribution of Hugo Munsterberg?

- A) He was a social reformer.
- B) He created the field of industrial psychology.
- C) He was interested in individual and group behaviour.
- D) He viewed organisations as social systems, requiring human cooperation.
- E) He created the four functions of management.

Answer: B

Diff: 3

Topic: Organisational behaviour approach

Objective: LO5

86) Munsterberg's work in industrial psychology is easily connected with what other management approach?

- A) General Administrative
- B) Classical Management
- C) Systems
- D) Scientific Management
- E) Quantitative

Answer: D

Diff: 3

Topic: Organisational behaviour approach

Objective: LO5

87) Which of the following individuals are most closely associated with social relationships in the workplace?

- A) Munsterberg and Owen
- B) Munsterberg and Barnard
- C) Follett and Munsterberg
- D) Fayol and Follett
- E) Owen and Barnard

Answer: E

Diff: 3

Topic: Organisational behaviour approach

Objective: LO5

88) Contemporary management practices that emphasise workgroups as a means to increasing productivity can be traced to which of the following authors?

- A) Owen
- B) Follett
- C) Barnard
- D) Munsterberg
- E) Fayol

Answer: B

Diff: 2

Topic: Organisational behaviour approach

Objective: LO5

89) Follett's ideas about the relationship between management and workers is described by which of the following statements?

- A) Management controls worker behaviour.
- B) Managers should rely on their authority.
- C) Managers should be considered part of the common group.
- D) There is an inherent conflict between management and workers that can be overcome.
- E) Management should rely on their knowledge and power to lead workers.

Answer: C

Diff: 3

Topic: Organisational behaviour approach

Objective: LO5

90) Which of the following is true concerning the management beliefs of Barnard?

- A) Employee ability and motivation remain fixed within a single employee, but vary across different employees.
- B) To improve productivity, management should concentrate on selecting the best employee rather than motivating current employees.
- C) Productivity is best achieved by insulating the organisation from external constituencies.
- D) Organisations are social systems that require human cooperation.
- E) Maintaining organisational equilibrium leads to stagnation.

Answer: D

Diff: 3

Topic: Organisational behaviour approach

Objective: LO5

91) Without question, the most important contribution to the developing field of organisational behaviour came out of the \_\_\_\_\_.

- A) Taylor Studies
- B) Porter Studies
- C) Parker Studies
- D) Hawthorn Studies
- E) Gilbreth Studies

Answer: D

Diff: 2

Topic: Organisational behaviour approach

Objective: LO5

92) The Hawthorne studies were initially devised to study \_\_\_\_\_.

- A) productivity levels of groups versus individuals
- B) the effect of noise on employee productivity
- C) the effect of illumination levels on employee productivity

- D) the effect of cooperative versus competitive organisational environments on productivity
- E) individuals' differences — such as gender, age, tenure — on employee productivity

Answer: C

Diff: 2

Topic: Organisational behaviour approach

Objective: LO5

93) What scientist is most closely associated with the Hawthorne Studies?

- A) Adams
- B) Mayo
- C) Lawler
- D) Barnard
- E) Follett

Answer: B

Diff: 1

Topic: Organisational behaviour approach

Objective: LO5

94) One outcome of the Hawthorne studies could be described by which of the following statements?

- A) Social norms are the key determinants of individual work behaviour.
- B) Money is more important than the group on individual productivity.
- C) Behaviour and employee sentiments are inversely related.
- D) Security is relatively unimportant.
- E) While groups are an important determinant of worker productivity, the individual him/herself is most important.

Answer: A

Diff: 2

Topic: Organisational behaviour approach

Objective: LO5

#### The Human Side (Scenario)

As an engineer, Kevin was trained to understand machinery and hardware's role in enhancing organisational productivity. However, Kevin was promoted to a managerial position where his duties included supervising a department of 34 people and leading them towards completion of a new project. Ever the perfectionist, Kevin decided to enhance his understanding of the human side of business management by reading a history textbook on the human resources approach.

95) Refer to The Human Side (Scenario). Kevin read that \_\_\_\_\_ was an early social reformer who is remembered most for his/her courage and commitment to reducing suffering of the working class.

- A) Hugo Munsterberg
- B) Robert Owen
- C) Mary Parker Follett
- D) Chester Barnard
- E) Peter Hawthorne

Answer: B

Diff: 2

Topic: Organisational behaviour approach

Objective: LO5

96) Refer to The Human Side (Scenario). Kevin also expanded his reading list to include *Psychology and Industrial Efficiency*, authored by \_\_\_\_\_, the creator of the field of industrial psychology.

- A) Hugo Munsterberg
- B) Robert Owen
- C) Mary Parker Follett
- D) Chester Barnard

E) Peter Hawthorne

Answer: A

Diff: 2

Topic: Organisational behaviour approach

Objective: LO5

97) Refer to The Human Side (Scenario). Kevin was surprised to learn that using group-based projects was not a contemporary concept. In fact, \_\_\_\_\_ was an early 1900s social philosopher who thought that organisations should be based on a group ethic and that managers should view themselves as partners of the common group.

A) Hugo Munsterberg

B) Robert Owen

C) Mary Parker Follett

D) Chester Barnard

E) Peter Hawthorne

Answer: C

Diff: 2

Topic: Organisational behaviour approach

Objective: LO5

98) Refer to The Human Side (Scenario). Kevin also learned that the human resources approach was not limited to academic theorists. A strong contribution to this field was from \_\_\_\_\_, an actual manager who thought organisations were social systems that required cooperation.

A) Hugo Munsterberg

B) Robert Owen

C) Mary Parker Follett

D) Chester Barnard

E) Peter Hawthorne

Answer: D

Diff: 2

Topic: Organisational behaviour approach

Objective: LO5

**ESSAY. Write your answer in the space provided or on a separate sheet of paper.**

99) In a short essay, describe the Hawthorne studies. Next, discuss the role of Elton Mayo in these studies and some of the findings of his research.

Answer: Without question, the most important contribution to the developing OB field came out of the Hawthorne studies, a series of studies conducted at the Western Electric Company Works in Cicero, Illinois. These studies were initially designed by Western Electric industrial engineers as a scientific management experiment. They wanted to examine the effect of various illumination levels on worker productivity. Based on their research, it was concluded that illumination intensity was not directly related to group productivity. In 1927, the Western Electric engineers asked Harvard professor Elton Mayo and his associates to join the study as consultants. Through additional research, Elton Mayo concluded that people's behaviour and attitudes are closely related, that group factors significantly affect individual behaviour, that group standards establish individual worker output, and that money is less a factor in determining output than are group standards, group attitudes and security. These conclusions led to a new emphasis on the human behaviour factor in the management of organisations.

Diff: 3

Topic: Organisational behaviour approach

Objective: LO5

**TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.**

100) Closed systems are not influenced by and do not interact with their environment.

Answer:  True       False

Diff: 1

Topic: Contemporary approaches

Objective: LO6

101) The systems perspective underscores and emphasises the fact that organisations are different, face different circumstances, and thus may require different ways of managing.

Answer: True  False

Diff: 2

Topic: Contemporary approaches

Objective: LO6

**MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.**

102) Which of the following best describes the concept of open systems?

- A) it is a set of interrelated and interdependent parts
- B) they dynamically interact with their environment
- C) they are not influenced by, and do not interact with their environment
- D) a good analogy is the workings of a clock
- E) they are influenced by, but do not interact with, their environment

Answer: B

Diff: 3

Topic: Contemporary approaches

Objective: LO6

**TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.**

103) All western countries including Australia, France and Scandinavian countries, can be said to have adopted capitalism's emphasis on profits, efficiency and growth.

Answer: True  False

Diff: 2

Topic: Current trends and issues

Objective: LO7

104) Research has indicated that baby boomers will not want to work past a retiring age of 60.

Answer: True  False

Diff: 2

Topic: Current trends and issues

Objective: LO7

105) The term *learning organisations* is given to those companies that have extensive in house training programs.

Answer: True  False

Diff: 2

Topic: Current trends and issues

Objective: LO7

106) Sustainable management is really only concerned that future generations will be able to continue operating businesses profitably.

Answer: True  False

Diff: 2

Topic: Current trends and issues

Objective: LO7

**MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.**

107) Which of the following best describes the contingency approach to management?

- A) the approach of Taylor, Fayol and Weber is now considered to be a contingency approach
- B) the bureaucratic approach is required at some time in all organisations
- C) they are not influenced by, and do not interact with, their environment
- D) different and changing situations require managers to use different approaches and techniques

E) the contingency approach depends on specialisation and division of labour

Answer: D

Diff: 3

Topic: Current trends and issues

Objective: LO7

108) According to the textbook, which of the following best characterises the Australian workforce?

A) It is very homogeneous.

B) Many workers and managers were born or raised in cultures different to traditional Australian.

C) Almost all workers come from English speaking backgrounds.

D) Australian society is made up of individuals who come from more than 500 countries from all parts of the globe.

E) The aging of the current Australian workforce will not present a problem to management in local organisations.

Answer: B

Diff: 3

Topic: Current trends and issues

Objective: LO7

109) \_\_\_\_\_ is the process whereby an individual or group of individuals uses organised efforts and means to pursue opportunities to create value and grow by fulfilling wants and needs through innovation and uniqueness, no matter what resources are currently controlled.

A) Management

B) Administration

C) Bureaucracy

D) Entrepreneurship

E) Creativity

Answer: D

Diff: 1

Topic: Current trends and issues

Objective: LO7

110) Which of the following is NOT one of the three important themes that stick out of the definition of entrepreneurship?

A) the pursuit of opportunities

B) the theme of innovation

C) the potential of failure

D) the theme of growth

Answer: C

Diff: 2

Topic: Current trends and issues

Objective: LO7

111) According to your textbook, a learning organisation is one that \_\_\_\_\_.

A) has developed their own in-house training program for staff

B) has developed the capacity to learn, adapt and change continuously

C) has adopted an open systems approach to the development of their staff

D) has cultivated a learning culture where organisational members systematically gather knowledge to share with others

E) actively encourages both entrepreneurship and intreprenurship within their organisation

Answer: B

Diff: 3

Topic: Current trends and issues

Objective: LO7

112) According to your textbook, the term knowledge management refers to an organisation that \_\_\_\_\_.

A) has cultivated a learning culture where organisational members systematically gather knowledge to share with others

B) is involved mainly in work that uses the intellectual capacity of their staff

- C) has developed the capacity to learn, adapt and change continuously
- D) has a program to encourage staff to undertake higher level education
- E) Is usually a high technology organisation that owns or uses new intellectual property

Answer: A

Diff: 3

Topic: Current trends and issues

Objective: LO7

113) All of the following are characteristics of total quality management EXCEPT \_\_\_\_\_.

- A) intense focus on competition
- B) concern for continual improvement
- C) improvement in the quality of everything the organisation does
- D) accurate measurement
- E) empowerment of employees

Answer: A

Diff: 2

Topic: Current trends and issues

Objective: LO7

114) A \_\_\_\_\_ organisation is one that has developed the capacity to continuously learn, adapt, and change.

- A) virtual
- B) learning
- C) quality
- D) knowledge
- E) capitalist

Answer: B

Diff: 2

Topic: Current trends and issues

Objective: LO7

115) \_\_\_\_\_ involves cultivating a learning culture where organisation members systematically gather knowledge and share it with others in the organisation so as to achieve better performance.

- A) Systems management
- B) Software management
- C) Technical management
- D) Knowledge management
- E) Quality control

Answer: D

Diff: 2

Topic: Current trends and issues

Objective: LO7

116) All of the following are characteristics of sustainability EXCEPT \_\_\_\_\_.

- A) meeting current organisational needs
- B) improving the efficiency of the use of all resource
- C) not compromising the ability of future generations to meet their needs
- D) competing internationally for resources

Answer: D

Diff: 2

Topic: Current trends and issues

Objective: LO7

117) According to the textbook, \_\_\_\_\_ is the responsibility of all organisations to ensure that their operations use all forms of capital – human, natural and financial – in such a way that all stakeholders receive value, and that the capital

required by future generations is maintained.

- A) workplace responsibility
- B) carbon emission trading
- C) community responsibility audits
- D) humanity in the workplace
- E) sustainable management

Answer: E

Diff: 2

Topic: Current trends and issues

Objective: LO7

**ESSAY. Write your answer in the space provided or on a separate sheet of paper.**

118) In a short essay, define entrepreneurship and discuss the three important themes that stick out in this definition of entrepreneurship.

Answer: Entrepreneurship is the process whereby an individual or a group of individuals uses organised efforts and means to pursue opportunities to create value and grow by fulfilling wants and needs through innovation and uniqueness, no matter what resources are currently controlled. It involves the discovery of opportunities and the resources to exploit them. Three important themes stick out in this definition of entrepreneurship. First, is the pursuit of opportunities. Entrepreneurship is about pursuing environmental trends and changes that no one else has seen or paid attention to. The second important theme in entrepreneurship is innovation. Entrepreneurship involves changing, revolutionising, transforming, and introducing new approaches — that is, new products or services or new ways of doing business. The final important theme in entrepreneurship is growth. Entrepreneurs pursue growth. They are not content to stay small or to stay the same in size. Entrepreneurs want their businesses to grow and work very hard to pursue growth as they continually look for trends and continue to innovate new products and new approaches.

Diff: 2

Topic: Current trends and issues

Objective: LO7

119) In a short essay, discuss what is meant by the concept of learning organisations and why knowledge management is important in contemporary organisations.

Answer: Today's environment faces a world of rapid and unprecedented change. As a result, many past management approaches and principles may not be effective. Modern managers need to respond to these changes; they need for both themselves and their organisations to learn and respond quickly when new situations and challenges present themselves. Managers, who can effectively challenge conventional wisdom, manage the organisation's knowledge base and make needed changes will lead such organisations. These organisations are what is called learning organisations — that is, ones that have developed the capacity to learn, adapt and change continuously.

Part of a manager's responsibility is to create learning capabilities throughout the organisation for all staff and the processes used within the organisation. They do this by understanding the value of knowledge as an important resource, just like cash, raw materials or office equipment. This is done by keeping an open mind, constantly listening to others both inside and outside the organisation and always being willing to try something new. This is called tapping into the value of knowledge. In an organisation, just recognising the value of accumulated knowledge or wisdom is not enough. Managers must deliberately manage that base of knowledge. Knowledge management involves cultivating a learning culture where organisational members systematically gather knowledge and share it with others in the organisation so as to achieve better performance. This 'knowledge,' when shared with all employees through various techniques including the use of new technology, is what constitutes knowledge management.

Diff: 3

Topic: Current trends and issues

Objective: LO7

120) Write a short essay explaining what has led to the need to operate businesses sustainably. Explain what is meant by 'sustainability' and 'sustainable management.' Explain also what is meant by the 'new industrial revolution' in this context.

Answer: In Australia in the past decade, there has been one of the longest running droughts since European settlement.



This has resulted in increasing concern about the availability of water for agriculture, farming and human consumption. Similarly, concern has grown over global warming and the need to find new methods of producing energy that will not produce greenhouse gases. It has become apparent to almost every industry and business that it needs to operate in a way that conserves water and other resources and reduces its dependency on energy, particularly energy produced from fossil fuels. Business and community leaders have responded by stating that we need to operate organisations in a sustainable way.

Sustainable management can be said to be the responsibility of all organisations to ensure that their operations use all forms of capital – human, natural and financial – in such a way that all stakeholders receive value, and that the capital required by future generations is maintained.

Traditionally, businesses have assessed their performance against one bottom line – the financial one – their profitability. However, in the last few decades many businesses have moved beyond this and started to assess their performance against three bottom lines – environmental, social and economic. Organisations following this approach have discovered that waste reduction, energy efficiency, pollution prevention, and a better social engagement with the communities in which they operated actually made economic sense.

The 'New Industrial Revolution' will be led by organisations that are able to apply sustainable management practices in order to gain a competitive advantage from fundamental changes in both production design and technology that better satisfy their customers' needs, increase profits, and help to solve environmental and social problems all at the same time. The threat of global warming and climate change is a problem that calls for new thinking and more innovative management approaches. It will require real change, because business-as-usual is no longer an option that the world can pursue as it tries to deal with this enormous challenge of the 21st century.

Diff: 3

Topic: Current trends and issues

Objective: LO7

121) Name three ways in which globalisation has changed the manager's job. Describe and provide an example of each.

Answer: 1. Working with people from different cultures. Even in your own country, you're likely to find yourself working with bosses, peers and other employees who were born or raised in different cultures. What motivates you may not motivate them or your style of communication may be direct and open, but they may find this approach uncomfortable and threatening. To work effectively with a group of diverse people, you'll need to understand how their culture, geography and religion have shaped their values, attitudes and beliefs then adjust your management style accordingly.

2. Coping with anticapitalist backlash. Capitalism's emphasis on profits, efficiency and growth may be generally accepted in Australia, the United States, and Hong Kong, but that emphasis is not nearly as popular in places like France, the Middle East, or the Scandinavian countries. Managers at global companies like Coca-Cola, McDonald's, or Toyota have come to realize that economic values aren't universally transferable. Management practices need to be modified to reflect the values of the different countries in which an organisation operates.

3. Movement of jobs to countries with low-cost labour. Globalisation means businesses can hire, source and sell wherever they want. It's increasingly difficult for managers in economically advanced nations, where minimum wages are typically much higher than developing countries, to compete against companies who rely on local (third world) workers, who will work much longer hours for a fraction of the hourly rate of workers in countries like Australia, USA and Western Europe. It's not by chance that a good portion of Australians wear clothes made in China, work on computers whose parts came from Thailand and increasingly drive around in cars that are fully imported. In a global economy, jobs tend to flow to places where lower costs provide businesses with a comparative advantage. The implication for managers is that they must be prepared to deal with the difficult task of balancing the interests of their organisation as it looks for ways to keep costs low and remain competitive with their responsibilities to the communities within which they operate.

Diff: 3

Topic: Current trends and issues

Objective: LO7

- 1) TRUE
- 2) TRUE
- 3) FALSE
- 4) FALSE
- 5) FALSE
- 6) E
- 7) D
- 8) B
- 9) B
- 10) C
- 11) TRUE
- 12) TRUE
- 13) FALSE
- 14) TRUE
- 15) FALSE
- 16) FALSE
- 17) TRUE
- 18) B
- 19) C
- 20) B
- 21) A
- 22) B
- 23) D
- 24) E
- 25) B
- 26) E
- 27) A
- 28) B
- 29) C
- 30) B
- 31) A
- 32) FALSE
- 33) D
- 34) A
- 35) D

36) Frederick Taylor did most of his work at the Midvale and Bethlehem Steel Companies in Pennsylvania. As a mechanical engineer with a Quaker and Puritan background, he was continually appalled by workers' inefficiencies. Employees used vastly different techniques to do the same job. They were inclined to 'take it easy' on the job, and Taylor believed that worker output was only about one-third of what was possible. Virtually no work standards existed. Workers were placed in jobs with little or no concern for matching their abilities and aptitudes with the tasks they were required to do. Managers and workers were in continual conflict. Taylor set out to correct the situation by applying the scientific method to shop floor jobs. He spent more than two decades passionately pursuing the 'one best way' for each job to be done.

#### Taylor's Four Principles of Management

1. Develop a science for each element of an individual's work, which will 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 takes over all work for which it is better fitted than the workers.

37) Frank Gilbreth is probably best known for his experiments in bricklaying. By carefully analysing the bricklayer's job, he

reduced the number of motions in laying exterior brick from 18 to about 5, and on laying interior brick, the motions were reduced from 18 to 2. Using the Gilbreth's techniques, the bricklayer could be more productive and less fatigued at the end of the day. The Gilbreths were among the first researchers to use motion pictures to study hand-and-body motions and the amount of time spent doing each motion. Wasted motions missed by the naked eye could be identified and eliminated. The Gilbreths also devised a classification scheme to label 17 basic hand motions, which they called therbligs. This scheme allowed the Gilbreths a more precise way of analysing a worker's exact hand movements.

38) FALSE

39) TRUE

40) TRUE

41) TRUE

42) FALSE

43) TRUE

44) A

45) A

46) A

47) E

48) E

49) D

50) A

51) D

52) A

53) E

54) Fayol described the practice of management as something distinct from accounting, finance, production, distribution, and other typical business functions. He argued that management was an activity common to all human endeavours in business, government, and even in the home. He then proceeded to state 14 principles of management – fundamental rules of management that could be taught in schools and applied in all organisational situations.

#### Fayol's 14 Principles of Management

1. Division of work – Specialisation increases output by making employees more efficient.

2. Authority – Managers must be able to give orders. Authority gives them this right. Along with authority, however, goes responsibility.

3. Discipline – Employees must obey and respect the rules that govern the organisation.

4. Unity of command – Every employee should receive orders from only one superior.

5. Unity of direction – The organisation 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 organisation as a whole.

7. Remuneration – Workers must be paid a fair wage for their services.

8. Centralisation – 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 called 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 personal 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 organisation.

55) Max Weber was a German sociologist who studied organisational activity. Writing in the early 1900s, he developed a theory of authority structures and relations. Weber describes an ideal type of organisation he called a bureaucracy – a form or organisation characterised by division of labour, a clearly defined hierarchy, detailed rules and regulations, and impersonal relationships. Weber recognised that this 'ideal bureaucracy' didn't exist in reality. Instead he intended it as a basis for theorising about work and how work could be done in large groups. His theory became the model structural design for many of today's large organisations.

56) TRUE

- 57) TRUE
- 58) TRUE
- 59) B
- 60) D
- 61) C
- 62) B
- 63) C
- 64) B
- 65) B
- 66) B
- 67) A
- 68) A

69) A quality revolution swept through both the business and public sectors during the 1980s and 1990s. The generic term used to describe this revolution was total quality management, or TQM for short. It was inspired by a small group of quality experts, the most famous being W. Edwards Deming and Joseph M. Juran. TQM is a philosophy of management driven by continual improvement and responding to customer needs and expectations. The objective is to create an organisation committed to continuous improvement in work processes. TQM is a departure from earlier management theories that were based on the belief that low costs were the only road to increased productivity.

#### The Six Characteristics of Total Quality Management

1. Intense focus on the customer – The customer includes not only outsiders who buy the organisation's products or services but also internal customers (such as shipping or accounts payable personnel) who interact with and serve others in the organisation.
2. Concern for continual improvement – TQM is a commitment to never being satisfied. 'Very good' is not good enough. Quality can always be improved.
3. Process-focused – TQM focuses on work processes as the quality of goods and services is continually improved.
4. Improvement in the quality of everything the organisation does – TQM uses a very broad definition of quality. It relates not only to the final product but also to how the organisation handles deliveries, how rapidly it responds to complaints, and how politely the phones are answered.
5. Accurate measurement – TQM uses statistical techniques to measure every critical variable in the organisation's operations. These are compared against standards or benchmarks to identify problems, trace them to their roots, and eliminate their causes.
6. Empowerment of employees – TQM involves the people on the line in the improvement process. Teams are widely used in TQM programs as empowerment vehicles for finding and solving problems.

- 70) TRUE
- 71) TRUE
- 72) TRUE
- 73) TRUE
- 74) TRUE
- 75) FALSE
- 76) TRUE
- 77) FALSE
- 78) B
- 79) A
- 80) D
- 81) B
- 82) C
- 83) E
- 84) A
- 85) B
- 86) D
- 87) E

- 88) B
- 89) C
- 90) D
- 91) D
- 92) C
- 93) B
- 94) A
- 95) B
- 96) A
- 97) C
- 98) D

99) Without question, the most important contribution to the developing OB field came out of the Hawthorne studies, a series of studies conducted at the Western Electric Company Works in Cicero, Illinois. These studies were initially designed by Western Electric industrial engineers as a scientific management experiment. They wanted to examine the effect of various illumination levels on worker productivity. Based on their research, it was concluded that illumination intensity was not directly related to group productivity. In 1927, the Western Electric engineers asked Harvard professor Elton Mayo and his associates to join the study as consultants. Through additional research, Elton Mayo concluded that people's behaviour and attitudes are closely related, that group factors significantly affect individual behaviour, that group standards establish individual worker output, and that money is less a factor in determining output than are group standards, group attitudes and security. These conclusions led to a new emphasis on the human behaviour factor in the management of organisations.

- 100) TRUE
- 101) FALSE
- 102) B
- 103) FALSE
- 104) FALSE
- 105) FALSE
- 106) FALSE
- 107) D
- 108) B
- 109) D
- 110) C
- 111) B
- 112) A
- 113) A
- 114) B
- 115) D
- 116) D
- 117) E

118) Entrepreneurship is the process whereby an individual or a group of individuals uses organised efforts and means to pursue opportunities to create value and grow by fulfilling wants and needs through innovation and uniqueness, no matter what resources are currently controlled. It involves the discovery of opportunities and the resources to exploit them. Three important themes stick out in this definition of entrepreneurship. First, is the pursuit of opportunities. Entrepreneurship is about pursuing environmental trends and changes that no one else has seen or paid attention to. The second important theme in entrepreneurship is innovation. Entrepreneurship involves changing, revolutionising, transforming, and introducing new approaches — that is, new products or services or new ways of doing business. The final important theme in entrepreneurship is growth. Entrepreneurs pursue growth. They are not content to stay small or to stay the same in size. Entrepreneurs want their businesses to grow and work very hard to pursue growth as they continually look for trends and continue to innovate new products and new approaches.

119) Today's environment faces a world of rapid and unprecedented change. As a result, many past management approaches and principles may not be effective. Modern managers need to respond to these changes; they need for both themselves and their organisations to learn and respond quickly when new situations and challenges present themselves.

Managers, who can effectively challenge conventional wisdom, manage the organisation's knowledge base and make needed changes will lead such organisations. These organisations are what is called learning organisations — that is, ones that have developed the capacity to learn, adapt and change continuously.

Part of a manager's responsibility is to create learning capabilities throughout the organisation for all staff and the processes used within the organisation. They do this by understanding the value of knowledge as an important resource, just like cash, raw materials or office equipment. This is done by keeping an open mind, constantly listening to others both inside and outside the organisation and always being willing to try something new. This is called tapping into the value of knowledge. In an organisation, just recognising the value of accumulated knowledge or wisdom is not enough. Managers must deliberately manage that base of knowledge. Knowledge management involves cultivating a learning culture where organisational members systematically gather knowledge and share it with others in the organisation so as to achieve better performance. This 'knowledge,' when shared with all employees through various techniques including the use of new technology, is what constitutes knowledge management.

120) In Australia in the past decade, there has been one of the longest running droughts since European settlement. This has resulted in increasing concern about the availability of water for agriculture, farming and human consumption. Similarly, concern has grown over global warming and the need to find new methods of producing energy that will not produce greenhouse gases. It has become apparent to almost every industry and business that it needs to operate in a way that conserves water and other resources and reduces its dependency on energy, particularly energy produced from fossil fuels. Business and community leaders have responded by stating that we need to operate organisations in a sustainable way.

Sustainable management can be said to be the responsibility of all organisations to ensure that their operations use all forms of capital – human, natural and financial – in such a way that all stakeholders receive value, and that the capital required by future generations is maintained.

Traditionally, businesses have assessed their performance against one bottom line – the financial one – their profitability. However, in the last few decades many businesses have moved beyond this and started to assess their performance against three bottom lines – environmental, social and economic. Organisations following this approach have discovered that waste reduction, energy efficiency, pollution prevention, and a better social engagement with the communities in which they operated actually made economic sense.

The 'New Industrial Revolution' will be led by organisations that are able to apply sustainable management practices in order to gain a competitive advantage from fundamental changes in both production design and technology that better satisfy their customers' needs, increase profits, and help to solve environmental and social problems all at the same time. The threat of global warming and climate change is a problem that calls for new thinking and more innovative management approaches. It will require real change, because business-as-usual is no longer an option that the world can pursue as it tries to deal with this enormous challenge of the 21st century.

- 121) 1. Working with people from different cultures. Even in your own country, you're likely to find yourself working with bosses, peers and other employees who were born or raised in different cultures. What motivates you may not motivate them or your style of communication may be direct and open, but they may find this approach uncomfortable and threatening. To work effectively with a group of diverse people, you'll need to understand how their culture, geography and religion have shaped their values, attitudes and beliefs then adjust your management style accordingly.
2. Coping with anticapitalist backlash. Capitalism's emphasis on profits, efficiency and growth may be generally accepted in Australia, the United States, and Hong Kong, but that emphasis is not nearly as popular in places like France, the Middle East, or the Scandinavian countries. Managers at global companies like Coca-Cola, McDonald's, or Toyota have come to realize that economic values aren't universally transferable. Management practices need to be modified to reflect the values of the different countries in which an organisation operates.
3. Movement of jobs to countries with low-cost labour. Globalisation means businesses can hire, source and sell wherever they want. It's increasingly difficult for managers in economically advanced nations, where minimum wages are typically much higher than developing countries, to compete against companies who rely on local (third world) workers, who will work much longer hours for a fraction of the hourly rate of workers in countries like Australia, USA and Western Europe. It's not by chance that a good portion of Australians wear clothes made in China, work on computers whose parts came

from Thailand and increasingly drive around in cars that are fully imported. In a global economy, jobs tend to flow to places where lower costs provide businesses with a comparative advantage. The implication for managers is that they must be prepared to deal with the difficult task of balancing the interests of their organisation as it looks for ways to keep costs low and remain competitive with their responsibilities to the communities within which they operate.