



# MANAGEMENT THEORY

## Multiple choice

- |      |       |       |       |
|------|-------|-------|-------|
| 1. D | 6. C  | 11. A | 16. B |
| 2. B | 7. A  | 12. B | 17. A |
| 3. D | 8. A  | 13. A | 18. D |
| 4. A | 9. C  | 14. C | 19. C |
| 5. D | 10. C | 15. B | 20. D |

## Short answer questions

### Question 1

- (a) **There is 1 CEO, 3 divisional managers and 18 department managers making a total of 22 managers. Each department manager controls 12 Supervisors making 204 supervisors. Each supervisor controls 15 workers making 3060 workers. Classical-scientific management theory has most likely been applied - judging from the rigid hierarchical structure that is used with numerous levels of management.**
- (b) **Classical-scientific management theory aims to design worker tasks to maximise the business's productivity. It involves the strict division of labour - segregating workers onto very specific tasks to allow them to maximise their productivity. Classical-scientific management theory argues that there is a 'one best way' to perform certain tasks – found through observation of the most productive workers – which can be taught by management to subordinates. It also advocates a hierarchical functional structure, as workers should not be troubled with tasks or responsibilities outside a very defined set of duties.**

### Question 2

- (a)
- **Rather than imposing systems that demand efficiency from workers, managers should encourage productivity by providing a stimulating work environment.**
  - **Management and workers function together as a team rather than in a rigid hierarchical style, with power earned through respect rather than position.**
  - **Middle management is reduced and workers take on some basic management responsibilities.**

- Management do not spend time looking for the 'one best way' to do a job but rather concentrate on each person and what will encourage them to best perform their duties.

(b) **Classical-scientific**

**STRENGTHS:**

- (1) Anticipates the advent of performance-related pay schemes.
- (2) Strongly advocated formal training and selection before workers begin jobs.

**WEAKNESS:** Can lead to over-specialised jobs that result in boredom.

**Behavioural**

**STRENGTHS:**

- (1) Highlighted the role worker satisfaction can play in productivity over simple division of labour.
- (2) First to emphasise the need for interpersonal skills in management.

**WEAKNESS:** Many of the studies the theory is based on have been labelled as overly simplistic and vague in how they reached their conclusions, such as the fact that there is a link between worker productivity and job satisfaction.

**Question 3**

- (a)
- Believes that coalitions should be encouraged to promote different points of view in a business.
  - Recognises that power does not always come from a position in a rigid hierarchy.
  - Recognises that the self-interest of managers may conflict with the interests of the business.
  - Believes that managers will have different goals to one another and that they will not all be concerned with increasing efficiency and profit.
- (b) After a takeover, a business will suffer a great shift of power towards the takeover company. The senior management of the target company will most likely be dismissed or demoted giving their old employees new bosses who will have their own distinct methods of gaining and exercising power. Employees may also feel threatened by this shift of power as their power in an organisation will be threatened as the balance of power shifts to management of the takeover company.

Similar experiences will be felt in the case of a merger, but there will most likely be a battle for power between the management of the two businesses. Management from each business will now be exercising their power over a

broader spectrum of workers. This may increase their levels of power if their spans of control are increased with layoffs resulting from management duplications.

#### Queson 4

- (a) **(i) Increased productivity – workers become more skilled through repetitive practise in their task and productivity is increased.**

**(ii) Workers are not hampered by a range of duties which may confuse them, as they only focus on one specific task, allowing them to concentrate on their work and not be bothered by peripheral responsibilities.**

- (b) **(i) Finance and accounting – inefficient financial management may lead to a shortage of working capital meaning workers may be unable to be paid causing worker satisfaction and resignations.**

**(ii) Marketing and sales – if the sales team are unable to meet their budgeted amounts the business may lose money affecting all areas of the business as costs are cut, including possible redundancies, to allow the business to continue to operate.**

**(iii) Research and development – failure to produced innovations for the business's products will make it very difficult for the marketing and sales team to effectively sell the products as they will become outdated and the market may not want them.**

- (c) **Contingency management theory realises that one management approach will not be appropriate for all situations, and rather advocates an active role for management in choosing which style to apply to each situation.**

In situations where workers were struggling with the complexity of their work and making mistakes, as well as talking far too much which is found to be decreasing productivity to an unacceptable level, a classical-scientific style might be used. Here management could instigate new measures which would separate workers from one another which would reduce talking and increase the division of labour to increase worker specialisation and decrease the number of mistakes being made.

Alternatively in a business such as a law firm where workers may be highly intellectual, rigid hierarchies may not work. Management might decide that each worker will have a different reporting structure allowing them to take initiative and be creative with their work – a behavioural management approach.