

Topic Review

Topic 1: Business Management and Change

Multiple Choice

- 1 B Management roles
- 2 D Management roles
- 3 A Responsibility to stakeholders
- 4 D Management theories
- 5 C Management theories
- 6 C Management theories
- 7 C Nature and sources of change in business
- 8 D Nature and sources of change in business
- 9 A Reasons for resistance to change
- 10 A Management theories
- 11 A Management theories
- 12 D Managing change effectively
- 13 D Management roles
- 14 D Managing change effectively
- 15 D Nature and sources of change in business

Short Answer Questions

Question 1

- (a) The behavioural theories of management advocate flat management structures. As well as this organisational structure, this theory holds that managers should understand the needs of the workers and improved communications can result from working in teams. Compared to the autocratic leadership style of the classical school, the behavioural school believes in a democratic style of management where decision making is often delegated to subordinates.
- (b) A flatter management structure could mean that the chain of command is shorter especially if work teams develop in the business. The span of control would become wider without a strict hierarchy and many levels of management. This would require workers at every level to use more initiative on the shop floor and to embrace the idea of working in teams. One problem which could result from flatter management structure would be an increased burden of supervision on management as the span of control became wider.
- (c) One advantage of flat management structures is better communication between top management and workers. As the number of levels of management between the workers and top management are reduced, the working relationship between top management and workers becomes a direct relationship.

A second advantage of this structure is the increase in productivity and increased responsibility of workers. Instead of being directed to perform tasks, workers now have responsibility to devise and schedule tasks. By having ownership of this process, workers then perform tasks at a greater rate than previously, thus increasing productivity.

- (d) If a business adopts work teams, there will be an impact on employment relations. Workers will now have greater responsibility in making and implementing decisions and this could have an impact on enterprise or workplace agreements. This will make the roles of line manager and shop steward more important. There will also be an impact in the area of human resource management as workers will need more training and development to assist them to implement the team approach.

Question 2

- (a) One feature of contingency theory is the situational approach where the management adapts its style to the particular issue or situation that is being managed. Another feature of this theory is flexibility.
- (b) The contingency theory of management argues that there is no right or wrong way of managing a situation. Management should adapt its style to a specific situation, so that in one instance an autocratic management style may be appropriate while in another situation a participative and democratic style may be a better management approach to take. Thus, the contingency approach is one where the entire business must be flexible in both structure and management.
- (c) One source of change in the external environment is political influences. One example was the introduction of the Work Choices legislation in 2006. Many businesses adopted a classical-scientific approach to this wage fixing method of workplace agreements and basically dictated to employees the conditions under which they would work. Many employees lost entitlements that they had under previous agreements.

Another source of change in the external environment is social influences. One area of change deals with community and environment. In recent times, there has been growing pressure for businesses to be more environmentally conscious. Many businesses have used behavioural management theories to respond to this influence by forming work teams to devise more environmentally friendly ways to make products and management and workers have conferred closely over what is the best approach to this influence.

Question 3

- (a) One type of analysis that the management team of Road Grip Tyres could use to investigate and plan for this change is the SWOT analysis. SWOT stands for Strengths, Weaknesses, Opportunities and Threats. The management team would need to identify the strengths of the business – for example, customer service. The team might identify high and rising costs as a weakness. Changes in the political and legal environment with new workplace laws could present the business with opportunities to make the workforce changes and possibly reduce costs. However a threat could be a union backlash as plans to change the employment policy were announced.
- (b) A major reason for employee resistance to this change would be uncertainty and lack of job security. Being employed in a contract of service provides workers with a degree of security against dismissal. With a contract for service, there is no guarantee that the contractor will still have work after the contract has been completed. The current employees might also feel that they might not be selected as independent contractors when the change occurs, and therefore become unemployed.
- The second reason for employee resistance to change is the loss of promotional opportunity and career prospects as a direct result of flattening the organisational structure.
- (c) Businesses have social responsibilities to their workers. Change can be stressful for workers and one way that a business can assist workers when implementing change is

to implement job enrichment programs which could involve teamwork in performing certain jobs or giving workers increased responsibility.

Other stakeholders that a business has may like to see the business strive for ecological sustainability when it implements change. If a business is changing its method of production, the community in which the business operates might like the business to have fewer greenhouse gas emissions with new production methods.

Customers of a business implementing change may like to purchase the products of the business online rather than shopping in a physical shop.

All of these social responsibilities involve costs for the business and the managers have to weigh up the financial and other costs against the benefits of being socially responsible to its stakeholders when implementing change.