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SKU: 9781119497653-SOLUTIONS

Chapter 2
MANAGEMENT LEARNING PAST TO PRESENT

Learning Objectives

In studying this chapter, students should consider the following questions and be able to complete the accompanying objectives:

Learning Objective 1: Describe the principal insights of classical management thinking.

Learning Objective 2: Identify key insights of the behavioral management approaches.

Learning Objective 3: Explain the core foundations of modern management theory and practice.

Overview

Historical records indicate that people have been "getting things done through others" since at least biblical times. In all likelihood, prehistoric people also practiced management in order to secure shelter, direct hunting expeditions, and cultivate the land. The systematic study of management through the use of the scientific method, however, is a relatively recent development. Contemporary managers can benefit from the organized body of knowledge we call "management." It is a source of theories that managers can use to guide their actions.

This chapter outlines the historical evolution of management thought. The systematic study of management as a science began in earnest with the classical management approaches. Individuals such as Frederick Taylor, Frank and Lillian Gilbreth, Henri Fayol, Mary Parker Follett, and Max Weber contributed greatly to the development of the scientific management, administrative principles, and bureaucratic organization branches of classical management. The theories and ideas of these individuals are discussed in detail along with the lessons that were learned from these branches of the classical approach. Many of these lessons have value for managers in contemporary businesses.

With the advent of the human resources (or behavioral management) approaches, the assumptions of management theory shifted away from the notion that people are rational toward the idea that people are social and self-actualizing. The Hawthorne studies and Abraham Maslow's hierarchy of needs provided the impetus for this shift. Douglas McGregor's Theory X and Theory Y and Chris Argyris' ideas regarding worker maturity further refined the notions regarding the social and psychological motivations of workers. W. Edwards Deming brought about the quality movement in management, leading to the emergence of total quality management with the concept of continuous improvement. The chapter

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provides a thorough discussion of the contributions and insights of these behavioral management approaches.

The chapter then examines modern approaches to management. The use of analytics, management science and operations management investigate how quantitative techniques can improve managerial decision making. Systems theory contributes to the modern perspective by providing managers with an appreciation for the complexity and dynamic interplay of organizations and their environments. Contingency thinking tries to match management practices with situational demands. Learning organizations continuously change and improve, using the lessons of experience. Finally, high-performance organizations consistently achieve excellence while creating a high-quality work environment.

Lecture Outline

Teaching Objective: The purpose of this chapter is to expose students to the historical roots of management theory and practice. By understanding the theoretical foundations for modern management, students can develop a greater appreciation of the concepts advanced in subsequent chapters.

Suggested Time: A minimum of 2 hours of class time is required to thoroughly present this chapter.

Learning Objective 1: Describe the principle insights from classical management thinking.

Scientific management
Administrative principles
Bureaucratic organization

Learning Objective 2: Identify key insights of the behavioral management approaches.

Organizations as communities
The Hawthorne studies
Maslow's Theory of Human Needs
McGregor's Theory X and Theory Y
Argyris's Theory of Adult Personality

Learning Objective 3: Explain the core foundations of modern management theory and practice.

Quantitative tools and data analytics
Organizations as systems
Contingency thinking
Quality management
Evidence-based management

CHAPTER 2 SUPPORTING MATERIALS

Figures

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- Figure 2.1: Major Branches in the Classical Approach to Management
- Figure 2.2: Foundations in the Behavioral or Human Resource Approaches to Management
- Figure 2.3: Maslow's Hierarchy of Human Needs
- Figure 2.4: Organizations as Complex Networks of Interacting Subsystems

Thematic Boxes

- Analysis: *When #MeToo Becomes Catch 22*
- Ethics: *AI Offers Instant Insights on Employee Morale*
- Insight: *Make Learning Style Work for You*
- Choices: *New Rules for Office Engagement*

Management Learning Review

- Summary
- Self-Test

Career Skills & Competencies

- Evaluate Career Situations: What Would You Do?
- Reflect on the Self-Assessment: Managerial Assumptions
- Contribute to the Class Exercise: Evidence-Based Management Quiz
- Manage a Critical Incident: Theory X versus Theory Y
- Collaborate on the Team Activity: Management in Popular Culture
- Analyze the Case Study: Zara International: Fashion at the Speed of Light

Lecture Notes

Today's managers can draw on management theory to guide their actions; they can learn from the insights of people throughout history who have thought about effective management.

David Wren's *The Evolution of Management Thought* notes that early management thinking began with the ancient Sumerian civilization in 5000 B. C. and evolved through many subsequent civilizations.

During the Industrial Revolution, Adam Smith established the principles of specialization and division of labor. Henry Ford and others further popularized these principles through their emphasis on mass production.

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DISCUSSION TOPIC

One way to introduce this chapter is to ask students, "Why do we bother to study management history?" Students are quick to point out that we can learn from the experiences of others, and can capitalize on their successes and avoid their mistakes. After all, those who are "ignorant of history are doomed to repeat it."

CLASSICAL MANAGEMENT APPROACHES

Learning Objective: Describe the principal insights of classical management thinking.

FIGURE 2.1 of the text depicts the major branches of the classical approach to management, which include scientific management, administrative principles, and bureaucratic organization.

Classical approaches share a common assumption: People at work act in a rational manner that is primarily driven by economic concerns. Workers are expected to rationally consider opportunities made available to them and to do whatever is necessary to achieve the greatest personal and monetary gain.

SCIENTIFIC MANAGEMENT

Frederick Taylor is known as the "father" of **scientific management**, which emphasizes careful selection and training of workers and supervisory support. He advocated the following four principles of scientific management

1. Develop for every job a "science" that includes rules of motion, standardized work implements, and proper working conditions.
2. Carefully select workers with the right abilities for the job.
3. Carefully train workers to do the job and give them the proper incentives to cooperate with the job "science."
4. Support workers by carefully planning their work and by smoothing the way as they go about their jobs.

Although Taylor called his approach "scientific" management, contemporary scholars question his reporting and the scientific rigor underlying his studies.

ENRICHMENT ACTIVITY

Students can appreciate Taylor's work better if they understand that since his youth he looked for the "one best way" of doing things. For example, he searched for the "best way" to take cross-country walks. At Bethlehem Steel, Taylor searched for the "best way" to do various jobs. He studied the job of loading 92 pound "pigs of iron ore," found a husky volunteer named Schmidt, and showed him the "best way" to load the ore. Interestingly, he told Schmidt to rest 58% of the time. The amount he could load rose from 12.5 to 47.5 tons per day and his wages rose 60%.

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In telling this story, ask a muscular student to load a mock pig of ore (use a moderately heavy object) before showing how to do so using fewer motions. This example illustrates the power of scientific management. Taylor popularized this approach, and its impact on manufacturing is still apparent.

(Source: Wren, D.A. *The Evolution of Management Thought*, New York: The Ronald Press Company, 1972, pp. 112-133.)

Practical insights from scientific management:

1. Make results-based compensation a performance incentive.
2. Carefully design jobs with efficient work methods.
3. Carefully select workers with the abilities to do these jobs.
4. Train workers to perform jobs to the best of their abilities.
5. Train supervisors to support workers so they can perform jobs to the best of their abilities.

Frank and Lillian Gilbreth pioneered **motion study** — the science of reducing a job or task to its basic physical motions. Wasted motions are eliminated to improve performance. As the text indicates, Worthington Industries in Ohio currently uses one of the techniques of motion study – time clocks. Each workstation has a clock that shows the goal time for the task, and the actual time it takes, which allows a worker to improve productivity.

DISCUSSION TOPIC

You may also want to point out to students that Henry Gantt, another contemporary of Frederick Taylor, made important contributions, including: (a) an innovative task and bonus wage scheme in which workers and supervisors received bonuses for exceeding standards; and (b) the Gantt chart which graphically depicts the scheduling of tasks required to complete a project.

ADMINISTRATIVE PRINCIPLES

Henri Fayol was a French executive who advanced the following five "rules" of management:

1. Foresight — to complete a plan of action for the future.
2. Organization — to provide and mobilize resources to implement the plan.
3. Command — to lead, select, and evaluate workers to get the best work toward the plan.
4. Coordination — to fit diverse efforts together and ensure information is shared and problems solved.
5. Control — to make sure things happen according to plan and to take necessary corrective action.

Note the similarity of these "rules" to the contemporary management functions of planning, organizing, leading, and controlling.

Fayol believed that management could be taught, and formulated principles to guide management practice.

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Fayol introduced the following key principles of management:

1. Scalar chain principle — there should be a clear and unbroken line of communication from the top to the bottom of the organization.
2. Unity of command principle — each person should receive orders from only one boss.
3. Unity of direction principle — one person should be in charge of all activities that have the same performance objective.

BUREAUCRATIC ORGANIZATION

Max Weber, a German intellectual, introduced bureaucracy as an organizational structure that promotes efficiency and fairness.

Weber viewed a **bureaucracy** as an ideal, intentionally rational, and very efficient form of organization founded on principles of logic, order, and legitimate authority.

Characteristics of bureaucratic organizations include the following

- Clear division of labor: Jobs are well defined, and workers become highly skilled at performing them.
- Clear hierarchy of authority: Authority and responsibility are well defined for each position, and each position reports to a higher-level one.
- Formal rules and procedures: Written guidelines direct behavior and decisions in jobs, and written files are kept for historical record.
- Impersonality: Rules and procedures are impartially and uniformly applied, with no one receiving preferential treatment.
- Careers based on merit: Workers are selected and promoted on ability and performance, and managers are career employees of the organization.

Possible disadvantages of bureaucracy:

- Excessive paperwork or "red tape."
- Slowness in handling problems.
- Rigidity in the face of shifting customer or client needs.
- Resistance to change.
- Employee apathy.

DISCUSSION TOPIC

Modern management theory does not consider bureaucracy to be appropriate or inappropriate for all situations; instead, the bureaucratic structure is recommended for simple and stable environments, while more flexible structures are suggested for dynamic and complex environments. Ask students to explain why a bureaucratic organization would be an inappropriate structure for organizations operating in very dynamic and complex environments.

BEHAVIORAL MANAGEMENT APPROACHES

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Learning Objective:
Identify key insights of the behavioral management approaches.

Behavioral approaches to management maintain that people are social and self-actualizing. People at work are assumed to seek satisfying social relationships, respond to group pressures, and search for personal fulfillment.

Figure 2.2 of the text depicts the foundations of the human resource approaches to management. These are the Hawthorne studies, Maslow's theory of human needs, McGregor's Theory X and Theory Y, Follett's organizations as communities and Argyris' theory of adult personality. The historical foundations set by these approaches are found in the field of **organizational behavior**, which is devoted to the study of individuals and groups in organizations.

ORGANIZATIONS AS COMMUNITIES

African American Insurance Executive

Leon Prieto and Simone Phipps identify Charles Clinton Spaulding as the "Father of African American Management". Spaulding worked his way up from a dishwasher to the top African American business of his time. He helped people and the community, studied management in organizations, and shared his insights with other managers. He published eight necessities of management: cooperation and teamwork, authority and responsibility, division of labor, adequate manpower, adequate capital, feasibility analysis, advertising budget, and conflict resolution.

Social Worker and Management Consultant

Mary Parker Follett describes organizations as communities within which managers and workers should labor in harmony, without one party dominating the other and with the freedom to talk over and truly reconcile conflicts and differences.

THE HAWTHORNE STUDIES

These studies started off as scientific management experiments designed to determine how economic incentives and the physical conditions of the workplace affected the output of workers. Despite repeated efforts, however, no consistent relationship was found. The researchers concluded that psychological factors had influenced the results.

Social Setting and Human Relations

Elton Mayo and his associates manipulated physical work conditions to assess their impact on output. Experiments were designed to minimize the "psychological factors" associated with previous experiments in the Hawthorne studies. Once again, output increased regardless of the changes made.

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Mayo and his colleagues concluded that increases arose from a *group atmosphere* that fostered pleasant social relations, and from the *participative supervision* found in the experimental groups.

Lessons of the Hawthorne Studies

People's feelings, attitudes, and relationships with co-workers influence their performance.

The **Hawthorne effect** was identified as a tendency of people who are singled out for special attention to perform as anticipated merely because of expectations created by the situation.

The Hawthorne studies contributed to development of the **human relations movement** during the 1950s and 1960s, which asserted that managers who use good human relations in the workplace would achieve productivity. In turn, the human relations movement became the precursor of contemporary **organizational behavior**, the study of individuals and groups in organizations.

DISCUSSION TOPIC

To the Hawthorne researchers' surprise, the workers in the Bank Wiring Room established an informal group norm regarding the quantity of output that was below the standard set by management. Output was restricted despite a group incentive plan that rewarded each worker on the basis of the total output of the group. Group members enforced this output restriction norm by using disciplinary devices such as sarcasm, ridicule, ostracizing co-workers, and "binging."

For fun, ask the students if they know what "binging" means; chances are they won't. Then find a volunteer for a demonstration. Pretend that you are going to "bing" the student by punching him or her in the arm but stop short before making contact. This amuses the class while demonstrating the lengths that groups will go to in enforcing norms. Wrap up the demonstration by noting the contribution of the Hawthorne Studies in revealing these subtle group processes.

MASLOW'S THEORY OF HUMAN NEEDS

FIGURE 2.3 of the text illustrates Maslow's hierarchy of needs.

A **need** is a physiological or psychological deficiency that a person feels compelled to satisfy.

Maslow's hierarchy identifies five levels of human needs: physiological, safety, social, esteem, and self-actualization.

The **deficit principle** states that people act to satisfy "deprived" needs — that is, needs for which a satisfaction deficit exists; conversely, a satisfied need is not a motivator of behavior.

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The **progression principle** states that the five needs exist in a hierarchy of prepotency, and that a need at any level only becomes activated once the preceding lower-level need is satisfied.

The deficit and progression principles cease to operate at the self-actualization level.

MCGREGOR'S THEORY X AND THEORY Y

The Hawthorne studies and Maslow's theory of human needs heavily influenced Douglas McGregor, the developer of Theory X and Theory Y. He argued that managers should devote more attention to people's social and self-actualizing needs at work.

McGregor asserted that managers must shift their perspective from Theory X assumptions to Theory Y assumptions.

Theory X – managers assume that subordinates:

1. Dislike work.
2. Lack ambition
3. Are irresponsible
4. Resist change.
5. Prefer to be led rather than to lead.

Theory Y – managers assume that subordinates are:

1. Willing to work.
2. Capable of self-control.
3. Willing to accept responsibility.
4. Imaginative and creative.
5. Capable of self-direction.

DISCUSSION TOPIC

Once you have presented the assumptions held by Theory X and Theory Y managers, ask students to think about supervisors they worked for and to indicate if the supervisors seemed to make Theory X or Theory Y assumptions about their subordinates. Then ask: "How did these supervisors treat their employees?" "Do you consider them to be good or bad managers?"

McGregor believed that managers who hold either set of assumptions can create **self-fulfilling prophecies** — that is, through their behavior they create situations where subordinates act to confirm their expectations.

Theory X managers create situations where workers become dependent and reluctant.

Theory Y managers create situations where workers respond with initiative and high performance.
Theory Y assumptions are central to contemporary ideas about employee participation, involvement, empowerment, and self-management.

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ARGYRIS' THEORY OF ADULT PERSONALITY

Argyris asserts that some classical management principles such as task specialization, hierarchy of authority, and unity of direction inhibit worker maturation by discouraging independence, initiative, and self-actualization. Thus, these classical management principles are inconsistent with the mature adult personality.

Argyris' advice is to expand job responsibilities, allow more task variety, and adjust supervisory styles to allow more participation and promote better human relations. He believes that the common problems of employee absenteeism, turnover, apathy, alienation, and low morale may be signs of a mismatch between management practices and mature adult personalities.

MODERN MANAGEMENT FOUNDATIONS

Learning Objective: Explain the core foundations of modern management theory and practice.

QUANTITATIVE ANALYSIS AND TOOLS

Today, managers use data to solve problems and make informed decisions using systematic analysis. This technique is known as **data analytics**.

Quantitative tools include:

- *Mathematical forecasting* which helps make future projections that are useful in the planning process.
- *Inventory analysis* helps control inventories by mathematically establishing how much to order and when.
- *Queuing theory* which helps allocate service personnel or workstations to minimize customer waiting time and service cost.
- *Linear programming* which is used to calculate how best to allocate scarce resources among competing uses.
- *Network models* break large tasks into smaller components to allow for better analysis, planning, and control of complex projects.

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ORGANIZATIONS AS SYSTEMS

A system is a collection of interrelated parts that function together to achieve a common purpose.

A subsystem is a smaller component of a larger system.

An open system interacts with its environment in a continual process of transforming inputs from suppliers into outputs for customers.

FIGURE 2.4 on page 38 of the text shows organizations as complex networks of interacting subsystems.

CONTINGENCY THINKING

Contingency thinking tries to match managerial responses with the problems and opportunities specific to different situations, particularly those posed by individual and environmental differences.

Contingency approaches to management assert that there is no one best way to manage. Instead, managers should understand situational differences and respond to them in appropriate ways.

QUALITY MANAGEMENT

W. Edwards Deming is the cornerstone of the quality movement in management. His approach to quality emphasizes constant innovation, use of statistical methods, and commitment to training in the fundamentals of quality assurance.

Total quality management is a process of making a commitment to quality part of all operations.

Continuous improvement is a process of always looking for new ways to improve.

ISO certification is the organized body that provides a global stamp of approval for quality management.

DISCUSSION TOPIC

Using the above core ingredients of learning organizations, have students analyze a business firm, a volunteer organization, or a college/university with which they are familiar. Make sure that they provide examples to illustrate each of the core ingredients. Also, you may wish to have them discuss how the presence or absence of these core ingredients seems to have affected the focal organization's effectiveness, efficiency, and ability to compete.

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EVIDENCE-BASED MANAGEMENT

Many of today's scholars are critical of the scientific rigor used in establishing the historical foundations of management. Many past research studies are based on weak or questionable evidence, leading to questionable results.

Jeffrey Pfeffer and Robert Sutton make the case for **evidence-based management**, which involves making decisions based on hard facts about what really works. Accordingly, managers should make decisions based on:

- Practitioner expertise and judgment
- Evidence from local context
- Critical evaluation of the best available research evidence
- Perspectives of those people who might be affected by the decision

Managers can have more confidence in accepting and applying research that satisfies the following criteria:

- A research question or problem is clearly identified.
- One or more hypotheses is stated to describe possible explanations.
- The research design provides for a good test of the hypothesis.
- Data are rigorously gathered, analyzed, and interpreted.
- Hypotheses are accepted or rejected and conclusions made based on the evidence.

Summary

Learning Objective 1: Describe the principle insights of classical management thinking.

- Frederick Taylor's four principles of scientific management focused on the need to carefully select, train, and support workers for individual task performance.
- Henri Fayol suggested that managers should learn what are now known as the management functions of planning, organizing, leading, and controlling.
- Max Weber described bureaucracy with its clear hierarchy, formal rules, and well-defined jobs as an ideal form of organization.

FOR DISCUSSION: Should Weber's notion of the ideal bureaucracy be scrapped, or is it still relevant today?

Learning Objective 2: Identify key insights of the behavioral management approaches.

- The behavioral approaches shifted management attention toward the human factor as a key element in organizational performance.
- Mary Parker Follett describes organizations as communities within which people combined talents to work for a greater good.

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- The Hawthorne studies suggested that work behavior is influenced by social and psychological forces and that work performance may be improved by better "human relations."
- Abraham Maslow's hierarchy of human needs introduced the concept of self-actualization and the potential for people to experience self-fulfillment in their work.
- Douglas McGregor urged managers to shift away from Theory X and toward Theory Y thinking, which views people as independent, responsible, and capable of self-direction in their work.
- Chris Argyris pointed out that people in the workplace are adults and may react negatively when constrained by strict management practices and rigid organizational structures.

FOR DISCUSSION: How can a manager still benefit by using insights from Maslow's hierarchy of needs theory?

Learning Objective 3: Explain the core foundations of modern management theory and practice.

- Analytics that use advanced quantitative techniques in decision sciences and operations management can help managers solve complex problems.
- Organizations are open systems that interact with their external environments, while consisting of many internal subsystems that must work together in a coordinated way to support the organization's overall success.
- Contingency thinking avoids "one best way" arguments, instead recognizing the need to understand situational differences and respond appropriately to them.
- Quality management focuses on making a total commitment to product and service quality throughout an organization, maintaining continuous improvement and meeting world-wide quality standards such as ISO certification.
- Evidence-based management uses findings from rigorous scientific research to identify management practices for high performance.

FOR DISCUSSION: Can system and subsystem dynamics help describe and explain performance problems for an organization in your community?

Key Terms

Bureaucracy: a rational and efficient form of organization founded on logic, order, and legitimate authority.
Continuous improvement: involves always searching for new ways to improve work quality and performance.
Contingency thinking: tries to match management practices with situational demands.
Data analytics: the systematic analysis of large databases to solve problems and make informed decisions.
Deficit principle: a principle that says a satisfied need does not motivate behavior.
Evidence-based management: involves making decisions based on hard facts about what really works.
Hawthorne effect: the tendency of persons singled out for special attention to perform as expected.
Human relations movement: based on the viewpoint that managers who used good human relations in the workplace would achieve productivity.
ISO certification: indicates conformance with a rigorous set of international quality standards.
Knowledge management: the process of using intellectual capital for competitive advantage.
Learning organization: an organization that continuously changes and improves, using the lessons of experience.
Motion study: the science of reducing a task to its basic physical motions.
Need: a physiological or psychological deficiency that a person wants to satisfy.

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Open system: interacts with its environment and transforms resource inputs into outputs.
Organizational behavior: the study of individuals and groups in organizations.
Progression principle: a principle that says a need is activated only when the next lower level need is satisfied.
Scientific management: emphasizes careful selection and training of workers and supervisory support.
Self-fulfilling prophecies: occurs when a person acts in ways that confirm another's expectations.
Subsystem: a smaller component of a larger system.
System: a collection of interrelated parts working together for a purpose.
Theory X: assumes people dislike work, lack ambition, are irresponsible, and prefer to be led.
Theory Y: assumes people are willing to work, accept responsibility, and are self-directed and creative.
Total quality management: an organization-wide commitment to continuous improvement, product quality, and customer needs.

SELF-TEST ANSWERS

1. The assumption that people are complex with widely varying needs is most associated with the _____ management approaches.
   (a) classical (b) neoclassical ***(c) behavioral*** (d) modern

2. The father of scientific management is _____.
   (a) Weber ***(b) Taylor*** (c) Mintzberg (d) Katz

3. When the registrar of a university deals with students by an identification number rather than a name, which characteristic of bureaucracy is being displayed and what is its intended benefit?
   (a) division of labor . . . competency (b) merit-based careers . . . productivity (c) rules and procedures . . . efficiency ***(d) impersonality . . . fairness***

4. If an organization was performing poorly and Henri Fayol was called in as a consultant, what would he most likely suggest to improve things?
   (a) teach managers to better plan and control (b) teach workers more efficient job methods (c) promote to management only the most competent workers (d) find ways to increase corporate social responsibility

5. One example of how scientific management principles are applied in organizations today would be:
   (a) conducting studies to increase efficiencies in job performance. (b) finding alternatives to a bureaucratic structure. (c) training managers to better understand worker attitudes. (d) focusing managers on teamwork rather than individual jobs.

6. The Hawthorne studies raised awareness of how _____ can be important influences on productivity.
   (a) structures ***(b) human factors*** (c) physical work conditions (d) pay and rewards

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7. Advice to study a job, carefully train workers to do that job, and link financial incentives to job performance would most likely come from _____.
(a) scientific management (b) contingency management (c) Henri Fayol (d) Abraham Maslow

8. The highest level in Maslow's hierarchy includes _____ needs.
(a) safety (b) esteem ***(c) self-actualization*** (d) physiological

9. Which management theorist would most agree with the statement "if you treat people as grownups, they will perform that way?"
(a) Argyris (b) Deming (c) Weber (d) Fuller

10. When people perform in a situation as they are expected to, this is sometimes called the _____ effect.
(a) Hawthorne (b) systems (c) contingency (d) open-systems

11. Resource acquisition and customer satisfaction are important when an organization is viewed as a(n) _____.
(a) bureaucracy (b) closed system ***(c) open system*** (d) pyramid

12. The loan-processing department would be considered a _____ of your local bank
(a) subsystem (b) closed system (c) resource input (d) cost center

13. When a manager notices that Sheryl has strong social needs and assigns her a job in customer relations and gives Kwabena lots of praise because of his strong ego needs, the manager is displaying _____.
(a) systems thinking (b) Theory X (c) motion study ***(d) contingency thinking***

14. Which is the correct match?
(a) Follett-analytics (b) McGregor-motion study ***(c) Deming-quality management***
(d) Maslow-Theory X and Y

15. When managers try to avoid hearsay and make decisions based on solid facts and information, this is known as _____.
(a) continuous improvement ***(b) evidence-based management*** (c) TQM (d) Theory X management

16. Explain how McGregor's Theory Y assumptions can create self- fulfilling prophecies consistent with the current emphasis on participation and involvement in the workplace.
Theory Y assumes that people are capable of taking responsibility and exercising self-direction and control in their work. The notion of self-fulfilling prophecies is that managers who hold these assumptions will act in ways that encourage workers to display these characteristics, thus confirming and reinforcing the original assumptions. The emphasis on greater participation and involvement in the modern workplace is an example of Theory Y assumptions in practice. Presumably, by valuing participation and involvement, managers will create self-fulfilling prophecies in which workers

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behave this way in response to being treated with respect. The result is a positive setting where everyone gains.

17. How do the deficit and progression principles operate in Maslow's hierarchy-of-needs theory?
According to the deficit principle, a satisfied need is not a motivator of behavior. The social need will only motivate if it is not present, or in deficit. According to the progression principle, people move step-by-step up Maslow's hierarchy as they strive to satisfy needs. For example, once the social need is satisfied, the esteem need will be activated.

18. Define contingency thinking and give an example of how it might apply to management.
Contingency thinking takes an "if-then" approach to situations. It seeks to modify or adapt management approaches to fit the needs of each situation. An example would be to give more customer contact responsibility to workers who want to satisfy social needs at work, while giving more supervisory responsibilities to those who want to satisfy their esteem or ego needs.

19. Explain why the external environment is so important in the open-systems view of organizations.
The external environment is the source of the resources an organization needs to operate. In order to continue to obtain these resources, the organization must be successful in selling its goods and services to customers. If customer feedback is negative, the organization must make adjustments or risk losing the support needed to obtain important resources.

20. Enrique Temoltzin has just been appointed the new manager of your local college bookstore. Enrique would like to make sure the store operates according to Weber's bureaucracy. Describe the characteristics of bureaucracy and answer this question: Is the bureaucracy a good management approach for Enrique to follow? Discuss the possible limitations of bureaucracy and the implications for managing people as key assets of the store.
A bureaucracy operates with a strict hierarchy of authority, promotion based on competency and performance, formal rules and procedures, and written documentation. Enrique can do all of these things in his store, since the situation is probably quite stable and most work requirements are routine and predictable. However, bureaucracies are quite rigid and may deny employees the opportunity to make decisions on their own. Enrique must be careful to meet the needs of the workers and not to make the mistake—identified by Argyris—of failing to treat them as mature adults. While remaining well organized, the store manager should still be able to help workers meet higher-order esteem and self-fulfillment needs, as well as assume responsibility consistent with McGregor's Theory Y assumptions.

MANAGEMENT SKILLS AND COMPETENCIES

EVALUATE CAREER SITUATIONS: WHAT WOULD YOU DO?

Although this chapter provides theoretical support for certain viewpoints, students' answers will vary due to their own personal viewpoints. The class discussion provides an opportunity to discuss the importance

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of recognizing the issues that arise at work due to individual differences in perspectives between workers and managers.

SELF-ASSESSMENT: MANAGERIAL ASSUMPTIONS

Instructions

Read the following statements. Use the space to the left to write "Yes" if you agree with the statement, or "No" if you disagree with it. Force yourself to take a "yes" or "no" position. Do this for every statement.

___ 1. Is good pay and a secure job enough to satisfy most workers?
___ 2. Should a manager help and coach subordinates in their work?
___ 3. Do most people like real responsibility in their jobs?
___ 4. Are most people afraid to learn new things in their jobs?
___ 5. Should managers let subordinates control the quality of their own work?
___ 6. Do most people dislike work?
___ 7. Are most people creative?
___ 8. Should a manager closely supervise and direct work of subordinates?
___ 9. Do most people tend to resist change?
___ 10. Do most people work only as hard as they have to?
___ 11. Should workers be allowed to set their own job goals?
___ 12. Are most people happiest off the job?
___ 13. Do most workers really care about the organization that they work for?
___ 14. Should a manager help subordinates advance and grow in their jobs?

Scoring

Count the number of "yes" responses to items 1, 4, 6, 8, 9, 10, and 2; write that number here as [X = _____]. Count the number of "yes" responses to items 2, 3, 5, 7, 11, 13, and 14; write that score here [Y = _____].

Interpretation

This assessment provides insight into your orientation toward Douglas McGregor's Theory X (your "X' score) and Theory Y (your "Y" score) assumptions. More should review the discussion of McGregor's thinking in this chapter and consider the ways you are likely to behave toward other people at work. Think, in particular, about the types of "self-fulfilling prophecies" your managerial assumptions are likely to create.

Instructor's Note

The key to this assessment is for students to recognize the implications of their scores, particularly with respect to their behavior towards subordinates. You may want to provide students with an opportunity to discuss their scores with the classmate sitting next to them or in groups, before opening the discussion up to the class as a whole. Either way, it is a good idea to tell students that their scores are for their own benefit and it is not necessary to divulge them unless they want to do so. For those students who do wish to share their scores, however, be sure to ask them why they answered as they did. What kind of

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experiences have they had which lead to their assumptions about people? How might their scores affect them in their roles as group members? Leaders? What would it take to change their assumptions?
Some students are likely to report mixed scores. These students will probably argue that their assumptions vary depending upon the types of people they would be managing. This provides you with a good opportunity to discuss the contingency approach to management. In other words, you might argue that the validity of Theory X and Theory Y assumptions, and the consequent ability of the manager to delegate depend upon the subordinates and the situation.

CLASS EXERCISE: EVIDENCE-BASED MANAGEMENT

Answers:
1. T
2. F
3. F
4. T
5. T
6. F
7. T
8. T
9. T
10. T

All answers and additional notes are found on research findings summarized on p. 988 of the Rynes, Giluk and Brown article from *Academy of Management Journal*; and p. 57 of the Allan, Bryant, and Vardaman article from *Academy of Management Perspectives*.

MANAGE A CRITICAL INCIDENT: THEORY X VERSUS THEORY Y

You've been at Magnetar Logistics Solutions for nine years and earned a reputation for leading a team that gets done what you say it will get done when you say it will be done. Now your sales team is close to landing a new 10-figure contract with an established client, Peterson Warehousing, Inc. You brought Peterson on board six years ago and have since grown and nurtured the relationship, and gotten to know this client in depth. One of the reasons you've achieved so much over the years is that you've always trusted your team members and given them the room and support they need to operate in their own way. They've repaid you by coming through time and time again with top quality solutions that always matched clients' needs. But Peterson is a different case—at least it seems that way to you; —it's your baby and it's a big account. You know Peterson better than anyone else, and now you're facing a very hard deadline in only weeks, which will determine whether or not you get the new contract. At this point you're doing a lot of close supervision on this project and not giving team members very much space to operate. There are many complexities with Peterson that you're worried the team will overlook, but which you are on top of. The team as a whole is starting to feel the impact of your switch in management style.

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Questions
(1) What are the consequences of your shifting management style midstream on this project . . . for success with the client? . . .for your team? . . . for your reputation as a successful Manager?
(2) Is a hands-on Theory X approach the best way to go here, or have you made a Miscalculation?
(3) Should you back off and return to the Theory Y assumptions that worked well in the past? (4) Is it too late to revert to your normal approach?
(5) How can you infuse your Peterson expertise into the project while still keeping team Members motivated and satisfied with your leadership?

COLLABORATE ON THE TEAM ACTIVITY: MANAGEMENT IN POPULAR CULTURE

Movies, television shows, and music display a lot about our popular culture. Many deal with work situations and themes—things like leadership, team dynamics, attitudes, personalities—that are topics of the management course. Management learning is readily available in popular culture. We just have to look for it.

Team Task
Choose one or more topics from this or a prior chapter and discuss popular culture examples that offer insights into them. Select one to share with the class at large in a multimedia presentation. Be sure to include a strong justification for your choice.

Suggestions

- Listen to music. Pick out themes that reflect important management concepts and theories. Identify what their messages say about management and working today.
- Watch movies, YouTube videos, and television episodes and advertisements. Look for the workplace issues and management themes.
- Read the comics. Compare and contrast management and working themes in two or three popular comic strips.
- Create your own alternative to the above suggestions.

CHAPTER 2 CASE: ZARA INTERNATIONAL: FASHION AT THE SPEED OF LIGHT

Discussion Questions

1. In what ways are elements of the classical management and behavioral management approaches evident in how things are done at Zara International? How can systems concepts and contingency thinking explain the success of some of Zara's distinctive practices?

Classical management finds the best way to produce a product or service so both workers and employers benefit from increased efficiencies. Zara seems to have embraced the efficiencies found in

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Weber's bureaucratic form of organizations. The rapid response to fashion trends requires efficient design, production, distribution and inventory management. All departments must clearly know their purpose with a clear division of labor, levels of authority are clearly defined, rules and procedures facilitate the fast turnaround necessary to get fresh fashions in the store within days of design. Fayol's administrative principles are in evidence in Zara's clear foresight or plan of action, organization allows fast mobilization of resources, command is evident in the vision and leadership of founder and chairman Amancio Ortega Gaona over the 80,000 workers, coordination requires close communication and efficient operations, and control is seen in their ambitious goals for growth. Behavioral management advocates that managers remember that people are social and self-actualizing. They respond to a group atmosphere and want to feel like they are making a contribution. Although there is little coverage of how Zara's management interacts or motivates workers, they are certainly appreciative of their contribution to bringing high fashion items to customers at affordable prices.
Systems interact with their environments to obtain resources that are transformed into outputs for consumers. Zara uses fabrics, labor and the latest fashion trends from other designers to create high fashion at an affordable price. The subsystems at Zara include purchasing and inventory, distribution, information and technology, operations management and accounting and financial systems to transform the ideas and raw materials into fashionable garments. Zara chooses to keep most of these subsystems within the company rather than outsource them to outside contractors. Zara's organizational network of subsystems is designed to be responsive to new fashion trends and consumer buying patterns. They seem to be specifically designed to respond quickly to change. Contingency thinking is the process of adapting management to the unique circumstances of the organization. Management at Zara seems to have responded to the necessity for fast response to fashion trends and need for cost efficiencies to achieve their goals of low cost high fashion. In fact, their ability to respond quickly seems to be a strong competitive advantage.

2. Zara's logistics system and management practices can handle the current pace of growth, but they will need updating at some point in the future. How could quantitative management approaches and data analytics help Zara executives plan for the next generation of its logistics and management approaches?

Although there is no arguing with Zara's sales success, which is based on a tightly controlled supply chain that produces trendy clothing from the fabric to the retail floor in two weeks, in this model there is considerable pressure to make quick decisions. Evidence-based management involves making decisions based on "hard facts, which are sometimes difficult to obtain and fully analyze when there is so little time to gather external data. For example, currently 70% of Zara's revenues come from Europe but its growth is predicted to come from online retailing and Asian markets. Inditex needs to be careful that its next logistics system allows sufficient time to integrate information from these new markets and their sales patterns into its decision making processes, rather than assuming that its current model is applicable. Evidence-based management would require studying these new market opportunities and possibly integrating some changes into their sales forecasting process.
(See Zara Uses *Operations Research to Reengineer Its Global Distribution Process*, Interfaces; Jan/Feb2010, Vol. 40 Issue 1, p71-84, 14p for additional information)

3. Problem Solving As a consultant chosen by Zara to assist with the expansion of its U.S. stores, you

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have been asked to propose how evidence-based management might help the firm smooth its way to success with an American workforce. What areas will you suggest be looked at for evidence-based decision making, and why?

Student answers will vary.

4. Further Research Gather the latest information on competitive trends in the apparel industry, and on Zara's latest actions and innovations. Is the firm continuing to do well? Is it adapting in ways needed to stay abreast of both its major competition and the pressures of a changing global economy? Is Inditex still providing worthy management benchmarks for other firms to follow?

Students should be encouraged to research Inditex as well as Zara. Caution students to conduct their online research with objective media sources. The college library may offer free searches such as EBSCO Host that access a large number of periodicals including industry publications that may provide thorough and accurate comparisons as well as current industry trends.

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