

# ETS STUDY GUIDE FOR MANAGEMENT

## MANAGEMENT PROCESS

### History & Theory

#### Three Schools of Management

1. Classical
  - A. Scientific Management-focused on making tasks more efficient. Frederick Taylor is the father of Scientific Management. Other notable people involved with Scientific Management are the Gilbreaths and Gantt.
  - B. Organization Theory-focused on the management of the organization, not the task. Henri Fayol developed 14 principles of management such as Unity of Command—report only to one manager.
2. Behavioral
  - A. Human Relations-started by the Hawthorne studies which made researchers realize the importance of people at work.
  - B. Organizational Behavior-interdisciplinary field looking at role of human behavior at work. Topics include leadership, motivation, groups, etc. It is more comprehensive than Human Relations.
3. Quantitative (Management Science)

Looks at quantitative approaches to making managerial decisions.

### Functions

#### Four functions of management

- Planning
- Organizing
- Influencing (Leading)
- Controlling

#### Organizational structure

- Functional departmentalization
- Project departmentalization
- Geographic departmentalization
- Matrix structure

### Group/team dynamics and managing diversity

#### Group/team dynamics

- Stages of group development
  - Forming
  - Storming
  - Norming

## Performing Adjournment

Group norms—standards of expected behavior

Group cohesiveness—the degree to which the members are attracted to the group and want to remain part of the group.

Groupthink—when highly cohesive groups fail to critically evaluate alternatives

## Managing diversity

Title VII of the Civil Rights Act is a federal law that prohibits discrimination on the basis of race, color, religion, sex, and national origin in recruitment, hiring, firing, layoffs, and all other employment practices.

Equal Employment Opportunity Commission (EEOC) charged with the enforcement of federal laws regulating recruiting and other employment practices

## **ORGANIZATIONAL BEHAVIOR**

### **Leadership**

#### Leadership Theories:

- Trait theories—leaders have traits that make them leaders
- Behavioral theories—looked at leader behaviors such as being *task-oriented* or *people-oriented*
- Situational or contingency theories—stated that appropriate leader behavior was based on the situation. Includes Fiedler's Contingency Theory, Path-Goal Theory, & Hersey-Blanchard's Life Cycle Theory.

Fiedler's Theory: three situational variables: leader-member relations, task structure, and leader position power

Path-Goal Theory: situational variables: employee variables (personality such as locus of control, perceived ability level) and situational variables (such as task structure, group dynamics, etc.). Four leader behaviors: directive, supportive, participative, achievement.

Hersey-Blanchard's Life Cycle Theory: situational variable: task-relevant maturity. Four stages: Stage 1: high task and low relationship, Stage 2: high task and high relationship, Stage 3: high relationship and low task, Stage 4: low task and low relationship.

#### Other leadership theories:

Transformational leadership: leadership that inspires employees to do more than they thought they could do.

Substitutes: those factors that take the place of leadership such as task experience, professional orientation, supportive work groups.

## Motivation

1. Content theories
  - a. Maslow's Hierarchy: physiological, safety & security, social, esteem, self-actualization
  - b. Aldefer's ERG Theory: existence, relatedness, growth
  - c. McClelland's Acquired Needs Theory: need for Achievement, need for Affiliation, need for Power
2. Process theories
  - a. Equity theory:  $\frac{\text{Inputs}_{\text{Person}}}{\text{Outcomes}_{\text{Person}}}$  compared to  $\frac{\text{Inputs}_{\text{Other}}}{\text{Outcomes}_{\text{Other}}}$
  - b. Expectancy theory: Effort leads to Performance leads to Outcome

Expectancy is the perceived relationship between effort and performance (probability 0 to 1).

Instrumentality is the perceived relationship between performance and outcome (correlation -1 to +1).

Valence is the value attached to the outcome.

Motivation =  $E \times I \times V$

## Communication

Source encodes a message and sends it through a medium to the destination which decodes the message.

Noise is anything that interferes with the communication process.

Verbal communication—any spoken or written communication

Nonverbal communication—other types of communication such as tone of voice, body language, etc.

## Other OB topics

Attribution theory—the process by which people interpret the behavior of others by assigning to it motives or causes.

Perception—the psychological processing of selecting, organizing, and interpreting stimuli from the environment

Perceptual biases:

- Stereotyping
- Halo Effect
- Projection
- Self-Serving/ Attributional Biases
- Selective Perception
- Recency/Primacy

Learning Strategies (Reinforcement theory)

- Positive Reinforcement
- Avoidance
- Punishment
- Extinction

## **INTERNATIONAL MANAGEMENT**

Levels of Internationalization

- Domestic
- International
- Multinational
- Transnational

Why go into international markets?

1. Growth into rapidly expanding international markets (especially if growth is limited at home)
2. Reduce transportation costs
3. Lower costs (labor, raw material, etc.)
4. Diversification
5. Avoid political barriers (i.e., tariffs)

Important Variables in International Management

1. Different national sovereignties
2. Disparate national economic conditions
3. Different national values and institutions
4. Difference timing of national industrial revolution
5. Geographical distance
6. Difference areas and populations

Expatriate—people who live and work in a country where they do not have citizenship.

Repatriation –the process of bringing individuals who have been working abroad back to their home country and reintegrating them into the organization’s home-country operations.