Instructor’s Manual

and

Test Bank

To accompany

*The Evolution of Management Thought*

Seventh Edition

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Preface

This guide is intended to assist both experienced and less experienced teachers directing studies in the evolution of management thought. Its materials are adaptable and can be used for a full-term course, for supplementary and/or background purposes. Our experience has been that prerequisite courses are not required at either the graduate or the undergraduate level. Students from a variety of non-business disciplines and from non-management business disciplines can handle this subject matter readily.

The guide’s organization follows the chronological plan of *The Evolution of Management* Thought. It includes synopses and comments on teaching each of EMT’s chapters and a test bank containing objective questions, short answer/discussion/review items, and comprehensive questions for each of its four parts. It is our hope that you find this guide helpful without restraining your creativity or previous experience. As you use EMT and this guide, your comments and suggestions for improvement will be welcomed.

--Daniel A. Wren

Norman, Oklahoma, USA

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Chapter Synopses

Part One

Early Management Thought

Chapter 1

A Prologue to the Past

The purpose of this chapter is to develop a conceptual framework and rationale for the study of management history. Key points to consider:

A. The Study of Management History

1. The practice of management is ancient, arising whenever people formed organizations (economic, social, political, religious, and so on). These organizations needed the activity of management.

2. What is the difference between historical *research* and historical *perspective*? How do our experiences such as education, and ethnicity and so forth influence our perspective?

3. The authors suggest history:

a. It helps us integrate our knowledge.

b. It provides a perspective on the past that can be used for the present.

c. History helps us develop alternatives because our knowledge has been broadened and deepened by an understanding of the past.

B. A Cultural Framework

1. Economic environment -- people and the resources used (physical, financial, information,etc.) to achieve goals. Some attention should be focused on Heilbroner's categories of resource allocation:

a. Tradition

b. Command

c. Market

Heilbroner wrote this a half-century ago---do these categories exist currently? Or, are more economies a “mix” of these?

2. Social environment -- people to people relationships. Assumptions about other people guide our behavior. Standards of conduct (values, ethics) vary over time, but we always seek to define rights and wrongs.

3. Political environment -- people and their government. What is the purpose of government? What is its source of authority? Contrast an elected government with one that rules based upon a central power figure, or group, along the dimensions of individual rights, property, redress of grievances, and contracts.

4. Technological environment—-technology is defined as the art and applied science of making tools and equipment. Technology advances in spurts—-what factors influence technological advancement? Does technology advance uniformly across national borders? Why or why not?

C. People, Management, and Organization -- the purpose here is to develop ideas about why organizations are formed and the role of management in organiza­tions.

1. Humans -- individuals are the foundation of organizations and we meet our needs by working with others. Figure 1-1 provides a starting point for discussion.

2. Organizations -- it is rare to find a self-sufficient individual; most of us work together in groups to achieve goals.

a. Division (specialization) of labor emerges from our individual differences.

b. Hierarchy -- evolves to structure and integrate human efforts.

3. Management is essential to organized endeavors. Persons may be designated to manage; sometimes groups can come to agreements and manage their efforts. In either case, however, the activity of management must be present.

Chapter 2

Management before Industrialization

This chapter is intended to illustrate the practice of management in various past civilizations and to indicate the changing conditions that led to the Industrial Revolution. In the first part, the student should be looking for managerial practices such as the need for authority, planning, organizing, leading, strategy, controlling, and so forth.

A. Management in Early Civilizations

1. Hammurabi -- declared his authority came from the Sun God (who could argue with that?) Developed a Code of Laws -- see the first mention of accounting and an agency relation­ship.

2. See the quotes from the Christian New Testament and from the Prophet Mohammed about the importance of work. Ask the students if these statements still apply today.

3. Sun Tzu -- the importance of planning and strategy. (Students may recall the movie "Wall Street" in which Gordon Gecko, played by Michael Douglas, was fond of quoting Sun Tzu).

4. Confucius -- merit as a basis for personnel selection. Were the Chinese tests "valid" when selecting leaders based on scholarly virtues?

a. Chinese development of an early bureaucracy. Confucius wanted to develop the moral nature of people (virtue); the "legalists" wanted a system of laws.

b. Confucius provided the foundations of ethics in many Eastern nations based on “virtue.” How is virtue achieved? What are other notions of how we should behave?

c. In an early Chinese workshop there is evidence of division of labor and departments to group workers.

5. Kautilya -- founder of public administration in ancient India. Note the trait approach to selecting managers; the use of staff advisers; and his assumptions about the ‘fickle-minded’ humans.

6. In Egypt:

a. Joseph as vizier, from which the word supervisor is derived. Also Joseph as a planner and forecaster.

b. Span of control, the "rule of ten," appeared in this ancient civilization.

7. The Hebrews:

a. Origins of "charisma"

b. Discuss Moses and his ideas on organization, span of control, delegation, and the exception principle.

c. Other quotes suggest the Hebrews provided advice on planning, listening to advisers, and controlling.

8. Greece:

a. Socrates and the transferability of managerial skills.

b. Aristotle on the specialization of labor, departmentalization, delegation, synergy, leadership, and the scientific method.

c. Aristotelian ethics---compare with those suggested by Confucius. How do these ideas shape our modern views of ethics?

d. Xenophon and the advantages of specializing labor.

e. Plato on individual differences leading to the division of labor.

9. Rome -- the span of control in their military; Roman law became a model for later civilizations.

10. The Catholic Church demonstrates the need to "get organized" if the mission of the church was to be reached. Papal authority may reside in a passage found in Matthew 16:18. (This is not in the text but may be of interest.) In that Biblical passage, Jesus says to Peter: "You are Peter, a stone; and upon this rock I will build my church." Since Peter was crucified and buried in Rome, some believe that the church in Rome (St. Peter's) fulfilled this prophecy.

11. Middle Ages -- it might be worthy to note that air and water pollution existed long before the Industrial Revolution. Imagine a street sweepers job in an age of horse-drawn carriages---or of life before sewage systems.

12. Revival of Commerce -- note the travels of Marco Polo to the Far East and the practice of the "rule of ten.” Also:

a. Craft guilds controlled who did the various jobs by specifying how labor would be divided. (Ask someone to compare this with a craft union of today.) If the “master” of the craft owned the tools of production, did that make him/her a “capitalist”?

b. The domestic, or "putting out", system where work was done in the home. Pay was based on performance since you did not get paid until the work was returned to the merchant. Also note the author’s comment on transaction costs-—was this the beginning of transaction cost economics?

c. Luca Pacioli and the description of double entry accounting.

d. Saint Thomas Aquinas and his follower, Johannes Nider, on the ethics of business. Note that Aquinas' "just price" was the market price. Nider expanded on this and it might be useful to have the class examine this early code for business ethics. Could Nider's code of ethics be used today? Why? Why not?

B. The Cultural Rebirth -- traces social, political, and economic changes that preceded the Industrial Revolution in Great Britain.

1. The Protestant ethic:

a. Max Weber developed the idea that Protestants held different attitudes toward work and that this created the spirit of capitalism that led to the Industrial Revolution. This new spirit included:

(1) Individual responsibility and self-control

(2) Work as a means to salvation

(3) Do not waste time or money

(4) Do your best in your "calling"

(5) Do not consume beyond your basic needs.

b. Ask students to read Weber’s distinction between the “impulse to acquisition … the greed for gain” and capitalism as the “rational tempering” of this greed. Agree? Disagree?

c. Tawney disagreed with Weber, suggesting that a capitalistic spirit existed before Protestantism.

d. David McClelland (and colleagues such as John Atkinson) supported Weber by observing the influence of religion on human attitudes toward work and self-reliance. These differences were capsulized in a need for achievement. Protes­tants, but Jewish people to a greater extent, were reared as children to have this higher need for achievement.

e. In discussing the Protestant ethic, it is important to note that McClelland is saying the need for achievement is not restricted to Protestants, and that there are wide variations among individuals that are influenced by the lessons they learn early in life about work, risk taking, and self-reliance.

f. Is there a contemporary “work ethic”?

2. The Liberty ethic is presented more clearly if Locke's notion of representative government is contrasted with the ideas of Thomas Hobbes and Nicolo Machiavelli. Here we see the differing ideas of the assumptions made about the nature of people guiding the choice of leadership style. Hobbes and Machiavelli insist that humans are basically nasty so they must be governed closely. Locke's notion, on the other hand:

a. Assumes that people have natural rights to property, contracts, a redress of grievances, and to freely choose those who are to govern.

b. Natural rights are to be protected through civil law in order to preserve more perfectly their life, liberty, and property.

c. Are these limited to the “West” while other cultures may not hold individual rights as being important?

3. The Market ethic case can also be studied by contrasting Adam Smith's ideas with mercantilism, that is, the government regulated the economy. Smith suggested that market forces were far more efficient in allocating resources and more "just" in rewarding individuals who produced the wealth. In addition to the market mechanism, Smith also contributed:

a. Specialization of labor and why it was more advantageous.

b. The disadvantage of dividing labor.

c. Note Smith’s comments about those who “managed other people’s money.” We will see this idea again in discussing corporate governance.

Chapter 3

The Industrial Revolution: Challenges

and Perspective

A. The Industrial Revolution in Great Britain

A technological development, the steam engine, was the heart of this revolution but the political, social, and economic systems were ready for this historical watershed. Students have rarely seen a steam engine, except as a historical relic in photographs or museums. Ask them how work might have been done before the steam engine? Such as grinding grain, pumping water, and traveling. The answer will be natural sources of power in humans, animals, water, and wind. One illustration you might use (not provided in the text) is that of milling wheat into flour. A human turning a millstone can convert one-half bushel of wheat into flour in one hour; three bushels can be ground in one hour with a horse-driven mill; a steam driven mill can do 10 bushels per hour. Question: What would be the "power" rating of the steam engine in this example? (Answer: 3 1/3 horse power). Other points to consider:

1. James Watt "perfected" the steam engine, turning it into a reliable source of power for factories and transportation.

2. With a central source of power, it became more economical to bring people to the work (a factory) rather than taking the work to the people (domestic system). Perhaps a comment on transaction costs would be appropriate here.

3. As these workshops grew, management became more important. See J. B. Say's contribution of management as a fourth factor of production. Also: Note John Stuart Mill’s comment on the “intelligence factor” for managers.

4. With growth in the size of the firm, management faced more problems:

a. Recruiting workers

b. Training

c. Discipline (in modern terms, motivation). Employees were motivated by:

(1) The "carrot," wage incentives. Note Adam Smith's comment about the importance of incentives and his caution to employers about possible undesirable effects.

(2) The "stick," punishment or fines.

(3) The "factory ethos," the idea of using religious morals and values to create the proper work attitudes and behaviors.

d. Developing managers

(1) No body of management knowledge existed.

(2) A belief in leadership traits.

(3) James Montgomery wrote a "text" on how to manage.

B. The Cultural Consequences of the Industrial Revolution

1. Under mercantilism, the government set maximum wages and some thought that workers would work harder if they were kept at a subsistence level. (Contrast this with Adam Smith's "economic man" notion.)

2. Poverty, female labor, and child labor existed long before factories began.

3. There is evidence that wages were rising, as well as real wages, and that people were better off after the Industrial Revolution.

4. The Victorian values of keeping women in the home (not exposing them to the temptations of working out of the home), created the atmosphere for critics such as Charles Dickens.

5. Overall, wages were rising, infant mortality was declining (aided by medical advances in smallpox vaccination), machinery replaced some drudgery, and the Industrial Revolution was the beginning of improving peoples' standard of living.

Chapter 4

Management Pioneers in the Early Factory

This chapter presents the ideas of four individuals who were contributing to the development of management thought. The time period is roughly 1800-1840 so we are dealing with individuals who were seeing the factory system grow and were proposing ways to manage. Robert Owen saw the problems in mostly human terms; Charles Babbage emphasized more systematic management but also included the human element; Andrew Ure defended the factory against its critics and taught classes that enabled persons to get jobs as managers; and Charles Dupin took Ure's ideas to France and, perhaps, influenced the later management theorist, Henri Fayol.

A. Robert Owen

1. Both an entrepreneur and a manager for others, he learned about management by observing and trial and error on the job.

2. At New Lanark he advocated more labor-intensive agriculture, using a spade rather than a plow. He did not believe industrial progress was adequate to feed the growing population.

3. At New Lanark, he became quite wealthy. (See his return on investment.)

4. Among his contributions:

a. He sought to reform the factory system by improving the workers' working and living conditions.

b. He employed child labor, but tried to get a law passed to regulate hours of work for children.

c. He developed the "silent monitor" as moral suasion that would rely more on peer pressure or public knowledge of someone's performance rather than corporal punishment.

d. His philosophy was to invest in the "vital machines" (people) as a means of increasing profitability. Note some doubt about whether or not this was due to his labor policy.

e. He desired a communal society (such as New Harmony) in which:

(1) All would share equally, regardless of contribution.

(2) There would be no division of labor.

(3) There would be no wage system; payment was in “labor credits.”

You might ask the class why they feel his communal society of New Harmony did not succeed. What were the incentives? He felt that individuals were not responsible but "creatures of their environment"; does the class agree? Research on Owen's New Harmony experiment would be a useful research project.

B. Charles Babbage

1. Never a manager, but a keen observer of the factory and a brilliant inventor and scientist.

a. The difference engine, a calculator.

b. The analytical engine, the first computer.

c. Conceived the early 19th century “printer.”

2. Augusta Ada, Countess of Lovelace, a colleague of his, was a program­mer and a contributor in describing the operations of the computer.

3. Babbage's contributions to management thought:

a. Scientific, systematic approach in analyzing industrial opera­tions.

b. *Descriptive* cost accounting (not standard costing that Emerson developed later).

c. Mutual interests between the workers and the managers.

d. A bonus for workers to suggest better ways to perform operations. This appears to be the first mention I've seen of a suggestion system with bonuses.

e. Profit sharing. It might be useful to indicate that Babbage got this idea from a Parisian house-painting firm, *Maison LeClaire.*

C. Andrew Ure

1. Ure was well known as a scientist and, since the belief was widespread that managers needed to know about the machines, raw materials, and so forth, his classes attracted individuals who wished to increase their technical knowledge so they could get a managerial job. I suggest to my classes that Ure was the first "teacher" of management.

2. He wrote about the principles and processes (operations) of the factory including:

a. Admonishing the workers to accept the introduction of machinery.

b. Arranging the factory into an "organic system" consisting of the

(1) Mechanical (production)

(2) Moral (personnel)

(3) Commercial (sales and finance)

(It seems Ure had a rather early notion of the task of the general manager -- integrating the parts to contribute to the whole with his "organic system.")

3. He defended the factory, claiming it enabled more benefits to society. Note the results of this 1833 survey about declining hours of work, better wages, and rising real wages, i.e. purchasing power.

4. In Ure’s 1833 survey of cotton mills, note the continuing use of water power; the percentage of female employees vis-a-vis males; and the percentage of employees age 18 and under and over 18. What does his survey tell us about industrial progress some 50 years after the introduction of the steam engine?

D. Charles Dupin

1. Dupin observed Ure's work and started teaching similar classes in France. He was a colleague of J. B. Say, who we saw (Chapter 3) suggested management as a fourth factor of production (the other three being the land, labor, and capital of economic theory).

2. Dupin had some unique insights:

a. The "special study" that involved how to economize the efforts of workers (suggesting that technical/manual work was different from managing others).

b. This special study could be taught (rather than gained by experience alone).

c. Indicating that technological advancement did not lead to unem­ploy­ment, but, through education, workers could share in indus­trial prosperity.

Chapter 5

The Industrial Revolution in the United States

This chapter crosses the Atlantic to describe how the Industrial Revolution influenced economic development in the United States of America. Mercantilism retarded development, but also led the writers of the U.S. Constitution to limit the role of government in economic affairs. Early personnel and management strategies, the "American System," and the railroads make this an interesting chapter.

A. The U.S.A.'s economy before 1861.

1. British mercantilism kept the U.S. as a colony for over a century and a half.

a. Adam Smith influenced the writing of the U.S. Constitution. Benjamin Franklin, considered one of the nation’s founders, read Smith’s work.

b. Article I, Section 8, limited the power of central government (A sidelight is that this became known as the "elastic clause" of our Constitution because this section was subjected to wide judicial, executive, and legislative interpretation.)

2. The earliest factories were textile mills.

a. Samuel Slater and the "Rhode Island System." This was very similar to the practice and personnel policies of those existing in Great Britain.

b. Francis Lowell and the "Waltham System." Used water powered looms (rather than hand powered) and a different strategy of inte­grated production. This system employed primarily adult female labor.

c. Charles Dickens, a critic of the British practices, praised Lowell and his Waltham system for their better treatment of the employ­ees.

d. U.S. labor law also changed: in *Commonwealth v.* *Hunt,* worker combinations (unions) were no longer conspiracies (unless their intent was criminal).

3. The "American System of Manufactures." While the British led the Industrial Revolution, manufacture by interchangeable parts became known as the "American System."

a. Manufacture by interchangeable parts was not new, and for years had been confined to making muskets and revolvers.

b. The Springfield (MA) Armory was an early factory prototype. Even though it had only 250 employees, it was probably the largest factory in the U.S. until after the Civil War.

(1) Colonel Roswell Lee organized the arsenal.

(2) Incentive payments were used.

(3) Labor became more specialized.

(4) Uniform standards promoted the interchangeability of parts.

c. These ideas spread to the manufacture of numerous other items, e.g., the reaper of Cyrus McCormick. Thus the "American System" got its name at the exposition of 1851 (London).

d. Despite this method of manufacture, U.S. factories remained relatively small. The McLane report of 1832 found that firms were mostly:

(1) Family owned and managed.

(2) Few corporations, hence sole proprietorships and partnerships.

(3) Little use of steam power; low capital intensity; few employees.

B. The railroads were the first big business in the U.S. The railroads touched off a transportation revolution and the telegraph started a revolution in communication.

1. The telegraph of Samuel Morse:

a. Enabled rapid national and international communication.

b. Has been called “the Victorian Internet.”

c. Gave Richard Sears the chance to sell his watches—perhaps this was the beginning of e-commerce.

The railroads and the telegraph moved U.S. industry from local markets to national ones. As railroads developed, they required "system" or some rational basis for managing far-flung operations.

2. Daniel McCallum

a. On the Erie Railroad, McCallum developed a system of managing:

(1) Specific job descriptions.

(2) Accurate reporting of performance.

(3) Merit as a basis for pay and promotion.

(4) A hierarchy of authority, with unity of command.

(5) An organizational chart to show lines of authority, responsi­bility, and communication.

(6) Used the telegraph for dispatching trains and checking on performance.

b. Although McCallum lost his job when the locomotive engineers refused to follow his rules, he went on to a successful career building bridges and served as master of the Union's railroads in the Civil War.

3. Henry V. Poor

a. A journalist, but intrigued by the possibilities of McCallum's system for improving U.S. railroads.

b. From McCallum's ideas, Poor developed 3 principles:

(1) Organization.

(2) Information.

(3) Communication.

c. Poor felt the answer was in better leadership by the top management.

(1) Unity in the organization.

(2) Selecting leaders on merit.

(3) Developing better information.

4. Corporate governance issues

a. An early example of executive malfeasance is found in Great Britain and the “Railway King,” George Hudson.

b. Discuss Hudson’s practices and compare them with other examples of executive illegal and unethical behavior.

c. Compare Britain’s Companies Clauses Consolidated Act of 1845 with the more recent Sarbanes-Oxley Act in the United States.

5. At this point, refer to Poor’s proposals to make managerial practices more transparent. His comments were made over a century and a half ago.

Chapter 6

Industrial Growth and Systematic Management

The purpose of this chapter is to describe the rapid economic growth of the U.S. following the Civil War until 1900. First, Alfred Chandler's ideas are used to describe this growth with Andrew Carnegie used as an illustration. The chapter's conclusion addresses the issues raised by the growth of big business in the U.S. during this time.

A. Growth of Enterprise -- facilitated by transportation and communication revolutions as well as manufacture by interchangeable parts.

1. Alfred D. Chandler Jr. developed his ideas from the study of U.S. corporations during this period. He described the late 19th century as the accumulation of resources with growth occurring because of:

a. Horizontal combinations of firms in similar fields.

b. Vertical integration, forward and backward.

c. The result was larger firms and the growth of a hierarchy of managers to coordinate and integrate operations.

2. Andrew Carnegie's influence on the steel industry illustrates this growth.

a. Carnegie learned McCallum's system of management regarding orga­niza­tion, reporting, accounting, and control on the Pennsylvania RR.

b. In the steel industry, Carnegie used the new Bessemer furnace technology to begin vertically and horizontally integrating his firm.

c. He used cost accounting to guide his pricing strategy and drive costs down.

d. He increased the "throughput" velocity to gain economies of scale and to fully utilize his resources.

e. The result was a declining price of steel for the consumer.

B. Systematic management was needed as firms grew and needed better manage­ment.

1. Mechanical engineers, especially Henry R. Towne, became important in improving factory operations. Numerous others began to take an interest in management. The idea that good management was critical in a firm gained credence with engineers and economists.

2. Economists:

a. Edward Atkinson and management made a “difference.”

b. Alfred and Mary Marshall noted that management requires “rarer natural abilities ... and training” and managers must forecast, plan, and organize; gain economies of scale; and internal economies are enabled by more efficient management. Note how insightful the Marshall’s were at the turn of the nineteenth century as a prelude to transaction cost ideas that came later.

3. With respect to labor:

a. Some Social Gospel proponents felt that workers should join unions, share in profits, and have arbitration instead of strikes.

b. Note the mention of workers believing in a “lump of labor” and of group pressures to restrict output mentioned by Schloss.

c. Engineers and others felt that better work methods and systems were the answer, including pay for performance incentive systems.

C. The Changing Environment

1. Business and Society

a. Matthew Josephson characterized the business leaders of this time as "Robber Barons." Their motivation was alleged to be "survival of the fittest," a social version of Charles Darwin's biological ideas. Other historians have not supported this idea of Social Darwinism.

b. There is evidence that business leaders did engage in some corrupt practices, especially when public officials were bribed to grant franchis­es, etc.

c. Of greater value were the benefactors of these business people. Numerous colleges, libraries, museums and other benefactions are evident even today.

d. The legal environment constrained what corporations could do, so philanthropy was by private individuals.

(1) Courts held managers to be the trustees for the stockholders and therefore they could not give away corporate assets.

(2) Corporations also had limited charters within which to operate, further limiting the ability of management to engage in non-business related activities.

(3) But individuals could do with their money as the pleased and Andrew Carnegie's "Gospel of Wealth" maintained that rich individu­als were but stewards (caretakers) of that wealth for others.

(4) Individuals (some recent examples are given) as well as corporations continue philanthropic practices today.

2. Business and Labor

a. The *Commonwealth v. Hunt* decision (1842) broke the British tradition of unions as conspiracies in restraint of trade.

b. U.S. craft unions and brotherhoods of railroad workers were successful in the late 19th century.

c. Efforts to organize other workers were generally unsuccessful.

d. Without unions, and with growing numbers of immigrants, U.S. workers found their wages and real (purchasing power) wages rising during this period.

3. Inventive and innovative impulses

a. Inventors and innovators as “prime movers” for economic development.

b. Railroads, the telegraph, and the telephone contributed to national economic development.

c. Numerous inventions such as refrigerated railroad cars, the elevator, the typewriter, etc transformed business practices.

4. Business and Government

a. The "elastic clause," the commerce clause, of the U.S. Const­itution expanded during this period with regulation of railroads, the Act to Regulate Commerce (better known as the Interstate Commerce Act), and the Sherman Antitrust Act were attempts to regulate business but these laws were generally ineffectual.

b. Woodrow Wilson, then a college professor, advocated better management in government. Ask your class how much progress has been made in what President Wilson advocated in the intervening years.

Test Bank: Part One

There are true-false and multiple choice questions for each chapter, with the answer and the text page number provided to the right of the question. Some true-false questions are repeated in a multiple-choice format, so be careful in your selection.

Each chapter also has some questions for class discussion, student review of the material, and/or for short answer essay questions, if appropriate. You may wish to combine objective questions with essay ones, or, for larger classes, use only the true-false and multiple choice ones.

At the end of each part, there are some comprehensive essay questions. You may prefer these questions for graduate students as an indication of knowledge as well as ability to communicate in writing.

Chapter 1

|  |  |  |  |
| --- | --- | --- | --- |
|  | A Prologue to the Past |  |  |

Answer

|  |  |  |  |
| --- | --- | --- | --- |
| 1-1 | The author of your text defined management as the activity that performs certain functions in order to obtain the effective acquisition, allocation, and utilization of human efforts and physical resources in order to accom­plish some goal. | True |  |
|  |  |  |  |
| 1-2 | Management "thought" is the existing body of knowledge about the activity of management, its functions, purpose and scope. | True |  |

|  |  |  |  |
| --- | --- | --- | --- |
| 1-3 | The traditional method of resource allocation operates on past societal precepts. | True |  |

|  |  |  |  |
| --- | --- | --- | --- |
| 1-4 | The market method of resource allocation relies on an impersonal network of factor prices and decisions to allocate resources. | True |  |

|  |  |  |  |
| --- | --- | --- | --- |
| 1-5 | The political facet of culture includes the legal and political arrangements for the establishment of social order and for the protection of life and property. | True |  |

|  |  |  |  |
| --- | --- | --- | --- |
| 1-6 | The organization is the fundamental unit of analysis in the study of management. | False |  |

|  |  |  |  |
| --- | --- | --- | --- |
| 1-7 | Management facilitates the efforts of people in organized groups and arises when people seek to cooperate to achieve goals. | True |  |

|  |  |  |  |
| --- | --- | --- | --- |
| 1-8 | Management is a closed-end activity since managers operate organizations and make decisions within a given set of cultural values and institutions. | False |  |

|  |  |  |  |
| --- | --- | --- | --- |
| 1-9 | Customs developed in a traditional society enable technology to advance more rapidly than in a market driven one. | False |  |

|  |  |  |  |
| --- | --- | --- | --- |
| 1-10 | The practice of management is ancient, but the formal study of the body of management knowledge is relatively new. | True |  |

|  |  |  |  |
| --- | --- | --- | --- |
| 1-11 | The command method of resource allocation is the imposition of the will of some central person or agency upon the rest of the economy about how resources will be allocated and utilized. | True |  |

|  |  |  |  |
| --- | --- | --- | --- |
| 1-12 | A universal concern in management is the scarcity of economic resources for a multiplicity of economic and social ends. | True |  |

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| 1-13 | Historical studies what happened in the past; historical means using that raw material to understand better the present.  (1) data; analysis  (2) research; perspective  (3) interpretation; synthesis  (4) perspective; research  (5) analysis; synthesis | (2) |  |
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| 1-14 | Some of the common elements of organizations throughout history include:  (1) a goal to be accomplished  (2) organizational members needed something with which to accomplish their goals  (3) a leader  (4) all of the above  (5) only (1) and (2) above | (4) |  |

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| 1-15 | Throughout history, Heilbroner has found which of the following methods of resource allocations?  (1) traditional  (2) market  (3) command  (4) all of the above  (5) only (1) and (2) above | (4) |  |

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| 1-16 | The relationship of people to resources was determined to be:  (1) the political facet of management  (2) the social facet of management  (3) the economic facet of management  (4) all of the above  (5) none of the above | (3) |  |

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| 1-17 | What is the distinction between management "thought" and the activity of management? |  |  |

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| 1-18 | Identify the economic, social, technological, and political facets of culture as described in the text. How do these factors influence the job of the manager? Is management “culture-free?” |  |  |

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| 1-19 | Why do organizations exist? |  |  |

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| 1-20 | Can an organization succeed without management? |  |  |

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|  | Chapter 2  Management Before Industrialization |  |  |
| 2-1 | Leadership, delegation, span of control, planning, organiz­ing, and controlling were managerial practices that were rarely found among ancient peoples. | False |  |

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| 2-2 | In modern organizational terms, the early Catholic church leaders perceived a need to "institutionalize" the church; that is, the need to specify policies, procedures, doc­trine, and authority. | True |  |

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| 2-3 | Sun Tzu's decision rules developed for military strategy over 2,000 years ago are not useful in guiding modern business strategy. | False |  |

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| 2-4 | The idea of a span of control is at least as old as the Egyptian civilization, and was practiced by the Incas and by other early civilizations as well. | True |  |

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| 2-5 | Craft guilds promoted the division of labor by specifying job jurisdictions--that is, what work was to be done by members of that craft only. | True |  |

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| 2-6 | According to Adam Smith, the division of labor led to greater productivity without any negative consequences. | False |  |

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| 2-7 | *Charisma* is an Egyptian concept that pertained to the "rule of ten" in administrative ratios. | False |  |
| 2-8 | The "just price" for a product, according to St. Thomas Aquinas, was the market, or prevailing price. | True |  |

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| 2-9 | Business ethics, according to Nider, should be *caveat venditor.* | True |  |

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| 2-10 | The domestic system of production emerged as a result of the development of steam power. | False |  |

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| 2-11 | McClelland isolated the psychological factor "need for power" to help explain Protestant values toward work. | False |  |

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| 2-12 | The Liberty ethic was the idea that government is created to protect our basic human rights. | True |  |

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| 2-13 | Max Weber created the idea of a Market ethic. | False |  |

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| 2-14 | Ethics in business transactions was generally ignored in the development of western society until the 21st century. | False |  |

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| 2-15 | The Protestant ethic was the idea that working hard, reinvesting your money, and living frugally was good. | True |  |

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| 2-16 | In the development of management thought, the Egyptians were probably the first to recognize the concept of:  (1) merit rating system  (2) span of control  (3) early concept of a "corporation"  (4) double entry accounting system  (5) product liability | (2) |  |

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| 2-17 | Perhaps the one person who had the greatest influence on the formation of modern constitutional governments was:  (1) Adam Smith  (2) Max Weber  (3) Thomas Hobbes  (4) Nicolo Machiavelli  (5) none of the above | (5) |  |

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| 2-18 | The Scholastics and the Catholic Church opposed guilds because they:  (1) were monopolistic and restrained trade.  (2) followed the belief of *caveat emptor.*  (3) consisted entirely of atheists.  (4) followed the dictum of *caveat venditor.*  (5) none of the above. | (1) |  |

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| 2-19 | employed the "exception principle."  (1) Socrates  (2) Aristotle  (3) Plato  (4) Moses  (5) none of the above | (4) |  |

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| 2-20 | In an attempt to explain the emergence of capitalism from a previously feudal society, Max Weber examined:  (1)the political policies of the rulers of early modern Europe.  (2)the contrasting social values of the Protestants and Catholics which came out of the Reformation.  (3)the contrasting levels of economic progress between America and Europe.  (4)the abolition of a feudal peasantry in Britain before any other continental nation.  (5) all of the above | (2) |  |

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| 2-21 | Who believed that Protestantism did not cause capitalism, but that capitalism led to Protestantism?  (1) R. H. Tawney  (2) Werner Sombart  (3) Max Weber  (4) David McClelland  (5) Adam Smith | (1) |  |

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| 2-22 | The first historical mention of accounting and dealing with the handling of receipts can be found in the writings of:  (1) Hammurabi  (2) Confucius  (3) Kautilya  (4) Sun Tzu  (5) Moses | (1) |  |

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| 2-23 | According to Max Weber, the idea(s) that had a significant impact on the motivations of people included:  (1) waste of time was the deadliest of sins  (2) a willingness to work  (3) division and specialization of labor was Divine Will  (4) the consumption beyond basic needs was wasteful and sinful  (5) all of the above | (5) |  |

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| 2-24 | Managerial practices that could be found among many ancient peoples include:  (1) leadership  (2) delegation  (3) controlling  (4) all of the above  (5) only (2) and (3) above | (4) |  |

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| 2-25 | Aristotle had numerous insights into management. Among them were:  (1) the specialization of labor  (2) departmentalization  (3) synergy  (4) leadership  (5) all of the above | (5) |  |

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| 2-26 | The Greek who described the advantages of the division of labor was:  (1) Aristotle  (2) Xavier  (3) Socrates  (4) Xenophon  (5) Plato | (4) |  |

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| 2-27 | A Greek philosopher who proposed a system of ethics was:  (1) Xenophon  (2) Aristotle  (3) Socrates  (4) Plato  (5) Aesop | (2) |  |

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| 2-28 | McClelland supported Max Weber's conclusions about the spirit of capitalism for the following reason(s):  (1)the Protestant reformation emphasized self-reliance rather than reliance on others in all facets of life.  (2)Protestant parents changed child-rearing practices to teach self-reliance and independence.  (3)it has been empirically demonstrated by McClelland and his associates that child-rearing practices lead to a higher need for achievement in sons.  (4)a higher need for achievement leads to spurts of economic activity such as that which Weber character­ized as the spirit of capitalism.  (5) all of the above | (5) |  |

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| 2-29 | The cultural rebirth was described in terms of:  (1) the Protestant ethic  (2) the Liberty ethic  (3) the Market ethic  (4) all of the above  (5) only (1) and (2) above | (4) |  |

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| 2-30 | The domestic system of production can be described best as:  (1) labor intensive  (2) efficient in its distribution of products  (3) capital intensive  (4) only (1) and (2) above  (5) only (2) and (3) above | (1) |  |

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| 2-31 | Adam Smith had doubts about the behavior of “joint stock” ventures and those who managed “other people’s money.” Discuss this in terms of contemporary management practices. |  |  |

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| 2-32 | Machiavelli described three ways to “the top.” Describe each and its advantages and disadvantages. |  |  |

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| 2-33 | Max Weber argued there was a difference between one’s “greed for gain” and “rational capitalism.” Agree? Disagree? |  |  |