

### Chapter 6

**Management:** the process of planning, organizing, leading and controlling a business's financial, physical, human, and information resources in order to achieve its goals.

**Efficiency:** achieving the greatest level of output with a given amount of input.

**Effectiveness:** achieving organizational goals.

**Managers:** people who plan, organize, lead and control the operations of an organization.

**Planning:** that portion of a manager's job concerned with determining what the business needs to do and the best way to achieve it

### Chapter 6

**Technical Skills:** skills associated with performing specialized tasks within a firm

**Human Relations Skills:** skills in understanding and getting along with people

**Conceptual Skills:** abilities to think in the abstract, diagnose and analyze various situations, and see beyond the present situation

**Time Management Skills:** skills associated with the productive use of time

**Decision Making Skills:** skills in defining problems and selecting the best courses of action

### Chapter 6

**Organizational Politics:** the actions that people take to as they try to get what they want

**Intuition:** an innate belief about something, often without serious consideration

**Escalation of Commitment:** condition in which a decision maker becomes so committed to a course of action that s/he stays with it even when there is evidence that the decision was wrong

### Chapter 6 (cont)

**Risk Propensity:** extent to which a decision maker is willing to gamble when making a decision

### Chapter 6

**Corporate Level Strategy:** Identifies the various businesses that a company will be in, and how these businesses will relate to each other

**Business Level (Competitive) Strategy:** Identifies the ways a business will compete in its chosen line of products or services

**Functional Strategies:** Identify the basic courses of action that each department in the firm will pursue so that it contributes to the attainment of the business's overall goals

**Corporate Strategy (Outside) --> Business/Competitive St. --> Functional St.**

**Concentration Strategy:** Involves focusing the company on one product or product line

**Market Penetration:** Boosting sales of present products by more aggressive selling in the firm's current markets

**Geographic Expansion:** Expanding operations in new geographic areas or countries

**Product Development:** Developing improved products for current markets

**Horizontal Integration:** Acquiring control of competitors in the same or similar markets with the same or similar products

**Vertical Integration:** Owning or controlling the inputs to the firm's processes and/or channels through which the products and services are distributed

**Diversification:** Expanding into un/related products or market segments

**Investment Reduction:** Reducing the company's investment with one or more of its lines of business

### Chapter 6 (cont)

**Cost Leadership:** Becoming the low-cost leader in an industry

**Differentiation Strategy:** A firm seeks to be unique in its industry along some dimension that is valued by buyers

**Focus Strategy:** Selecting a market segment and serving the customers in that market niche better than competitors

### Chapter 9 LO2 LO3

**Individual Differences:** personal attributes that vary from one person to another

**Personality:** the relatively stable set of psychological attributes that distinguish one person from another

**Agreeableness, Conscientiousness, Emotionality, Extraversion, Openness**

**Emotional Intelligence Quotient (EQ):** The extent to which people are self aware, can manage their emotions, can motivate themselves, express empathy for others, and possess social skills

**Attitudes:** A person's beliefs and feelings about specific ideas, situations, or people

**Job Satisfaction:** Extent to which people have positive attitudes toward their jobs

**Organizational Commitment:** An individual's identification with the organization and its mission

**Psychological Contract:** The set of expectations held by an employee concerning what s/he will contribute to an organization and what the organization will provide the employee (inducements) in return

**Contributions from the Individual:** effort, ability, loyalty, skills, time, competency

### Chapter 9 LO2 LO3 (cont)

Inducements from the Organization: pay, benefits, job security, status, promotion opportunities, career opportunities

Person-Job Fit: the extent to which a person's contributions and the organization's inducements match one another

### Chapter 9 LO7

Trait Approach: A leadership approach focused on identifying the essential traits that distinguished leaders

Behavioural Approach: A leadership approach focused on determining what behaviours are employed by leaders

Task-oriented Leader Behaviour: Leader behaviour focusing on how tasks should be performed in order to meet certain goals and to achieve certain performance standards

Employee Oriented Leader Behaviour: Leader behaviour focusing on satisfaction, motivation, and well being of employees.

Autocratic Style: A form of leader behaviour in which the manager issues orders and expects to be obeyed without question

Democratic Style: A form of leader behaviour in which the manager requests input from subordinates before making decisions, but the manager retains decision making power

Free Rein Style: A form of leader behaviour in which the manager serves as an adviser to subordinates who are given a lot of discretion when making decisions

### Chapter 9 LO7 (cont)

Situational (Contingency) Approach to Leadership: Leadership approach that assumes that appropriate leader behaviour varies from one situation to another

### Chapter 6

Strategic Plans: plans that reflect decisions about resource allocations, company priorities, and steps needed to meet strategic goals

Tactical Plans: generally, short-range plans concerned with implementing specific aspects of a company's strategic plans

Operational Plans: plans setting short-term targets for daily, weekly, or monthly performance

Organizing: that portion of a manager's job concerned with mobilizing the necessary resources to complete a particular task

Leading: that portion of a manager's job concerned with guiding and motivating employees to meet the firm's objectives

Controlling: that portion of a manager's job concerned with monitoring the firm's performance and, if necessary, acting to bring it in line with the firm's goals

### Chapter 6: The Rational Decision Making Process

#### 1. Recognizing and defining the decision situation

Some stimulus indicates that a decision must be made. The stimulus may be positive or negative

example: the plant manager sees that employee turnover has increased by 5 percent

#### 2. Identifying alternatives

### Chapter 6: The Rational Decision Making Process (cont)

Both obvious and creative alternatives are desired. In general, the more important the decision, the more alternatives should be generated

example: the plant manager can increase wages, increase benefits, or change hiring standards

#### 3. Evaluating alternatives

Each alternative is evaluated to determine its feasibility, its satisfactoriness, and consequences

#### 4. Selecting the best alternative

Consider all situational factors and choose the alternative that fits the manager's situation

#### 5. Implementing the chosen alternative

The chosen alternative is implemented into the organizational system

#### 6. Following up and evaluating the results

At some time in the future, the manager should ascertain to which alternative chosen in step 4 and implemented in step 5 has worked

### Chapter 6

Contingency Planning: Identifying aspects of a business or its environment that might require changes in strategy

Crisis Management: An organization's methods for dealing with emergencies

Corporate Culture: The shared experiences, stories, beliefs, and norms that characterize a firm



### Chapter 9: Forms of Employee Behaviour

**Employee Behaviour:** the pattern of actions by the members of an organization that directly or indirectly influences the organization's effectiveness

**Performance Behaviours:** the total set of work-related behaviours that the organization expects employees to display

**Organizational Citizenship:** positive behaviours that do not directly contribute to the bottom line

**Counterproductive Behaviours:** behaviours that detract from organizational performance

**Absenteeism:** when an employee does not show up for work

**Turnover:** annual percentage of an organization's workforce that leaves and must be replaced

### Chapter 9

**Motivation:** The set of forces that cause people to behave in certain ways

**Classical Theory of Motivation:** A theory of motivation that presumes that workers are motivated solely by money

**Scientific Management:** Analyzing jobs and financing better, more efficient ways to perform them

**Time-and-Motion Studies:** The use of industrial-engineering techniques to study every aspect of a specific job to determine how to perform it most efficiently

**Hawthorne Effect:** The tendency for workers' productivity to increase when they feel they are receiving special attention from management

**Theory X:** A management approach based on the belief that people must be forced to be productive because they are naturally lazy, irresponsible and uncooperative

### Chapter 9 (cont)

**Theory Y:** A management approach based on the belief that people want to be productive because they are naturally energetic, responsible, and cooperative

**Hierarchy of Human Needs Model (Maslow):** Theory of motivation describing five levels of human needs and arguing that basic needs must be fulfilled before people work to satisfy higher-level needs

Physiological needs (shelter/salary), Security needs (stability), Social needs (friendship), Esteem needs (status), Self Actualization Needs (self-fulfillment)

**Two-Factor Theory:** A theory of human relations developed by Frederick Herzberg that identifies factors that must be present for employees to be satisfied with their jobs and factors that, if increased, lead employees to work harder (refer to figure 9.4 on page 199)

**Expectancy Theory:** The theory that people are motivated to work toward rewards that they want and that they believe they have a reasonable chance of obtaining

Individual Effort (effort performance issue) -> Individual Performance (performance-reward issue) -> Organizational Rewards (rewards-personal goals issue) -> Personal Goals

**Equity Theory:** The theory that people compare (1) what they contribute to their job with what they get in return, and (2) their input/output ratio with that of their employees

### Chapter 9 LO9

**Transformational Leadership:** The set of abilities that allows a leader to recognize the need for change, to create a vision to guide that change, and to execute the change effectively

**Transactional Leadership:** Comparable to management, it involves routine, regimented activities

**Charismatic Leadership:** Type of influence based on the leader's personal charisma

**Strategic Leadership:** Leader's ability to understand the complexities of both the organization and its environment and to lead change in the organization so as to enhance its competitiveness

**Ethical Leadership:** Leader behaviours that reflect high ethical standards

**Virtual Leadership:** Leadership in settings where leaders and followers interact electronically rather than in face to face settings

### Chapter 6

**Top managers:** those managers responsible for a firm's overall performance and effectiveness and for developing long-range plans for the company

set general policies, formulate strategies, and approve all significant decisions

represent the company in dealings with other firms and government bodies

**Middle managers:** those managers responsible for implementing the decisions made by top managers

**First-Line managers:** those managers responsible for supervising the work of employees

ensure employees understand and are properly trained in company policies and procedures

### Chapter 6 (cont)

**Human Resource Managers:** those managers responsible for hiring, training, evaluating and compensating employees

**Operations Managers:** managers responsible for controlling production, inventory, and quality of a firm's products

**Information Managers:** managers responsible for the design and implementation of systems to gather, process, and disseminate information

**Marketing Managers:** managers responsible for developing, pricing, promoting and distributing goods and services to buyers

**Financial Managers:** managers responsible for planning and overseeing the financial resources of a firm

### Chapter 6

**Strategic Management:** the process of helping an organization maintain an effective alignment with its environment

**Strategy:** the broad set of organizational plans for implementing the decisions made for achieving organizational goals

**Vision (or Purpose):** a statement indicating why an organization exists and what kind of organization it should be

**Mission Statement:** an organization's statement of how it will achieve its purpose in the environment in which it conducts its business

#### The Purposes of Goal Setting

1. Goal setting provides direction, guidance, and motivation for all managers
2. Goal setting helps firms allocate resources

### Chapter 6 (cont)

3. Goal setting helps to define corporate culture

4. Goal setting helps managers assess performance

**Long-Term Goals:** goals set for extended periods of time, typically five years or more into the future

**Intermediate Goals:** goals set for a period of one to five years

**Short-Term Goals:** goals set for the very near future, typically less than one year

**SMART Goals:** Goals that are Specific, Measurable, Achievable, Realistic, and Time-framed

**Strategy Formulation:** Creation of a broad program for defining and meeting an organization's goals

Refer to Figure 6.4 on page 132

1. Set strategic goals
2. Analyze the organization and environment
3. Match the organization and its environment
4. Formulate strategy

**Strategic Goals:** Long-term goals derived directly from the firm's mission statement

**SWOT Analysis:** Identification and analysis of organizational strengths and weaknesses and environmental opportunities and threats as part of strategy formulation

**Organizational Analysis:** The process of analyzing a firm's strengths and weaknesses

**Environmental Analysis:** The process of scanning the environment for threats and opportunities

### Chapter 9 LO5

**Reinforcement:** Controlling and modifying employee behaviour through the use of systematic rewards and punishments for specific behaviours

**Goal Setting Theory:** the theory that people perform better when they set specific, quantified, time-framed goals

**Management by Objectives (MBO):** A system of collaborative goal setting that extends from the top of an organization to its bottom

**Participative Management and Empowerment:** Method of increasing job satisfaction by giving employees a voice in the management of their jobs and the company

**Quality Circle:** a technique for maximizing quality of production. Employees are grouped into small teams that define, analyze, and solve quality and other process-related problems within their area

**Problem Solving Teams:** teams that focus on developing solutions to specific problems a company is facing

**Project Teams (Venture Teams):** Teams that work on specific projects, such as developing new processes, new products or new businesses

**Transitional Teams:** Teams composed of members working in different countries

**Virtual Teams:** Teams of geographically dispersed individuals who use telecommunications and information technologies to accomplish specific tasks

**Job Enrichment:** A method of increasing employees' job satisfaction by extending or adding motivating factors such as responsibility or growth

**Job Redesign:** A method of increasing employees' job satisfaction by improving the person-job fit through combining tasks, creating natural work groups, and/or establishing client relationships

## Chapter 9 LO5 (cont)

**Flextime:** A method of increasing employees' job satisfaction by allowing them some choice in the hours they work

**Compressed Workweek:** Employees work fewer days per week, but more hours on the days they do work

**Telecommuting:** Allowing employees to do all or some of their work away from the office

**Worksharing (Job Sharing):** A method of increasing employee job satisfaction by allowing two people to share one job

**Leadership:** The process of motivating others to work to meet specific objectives

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