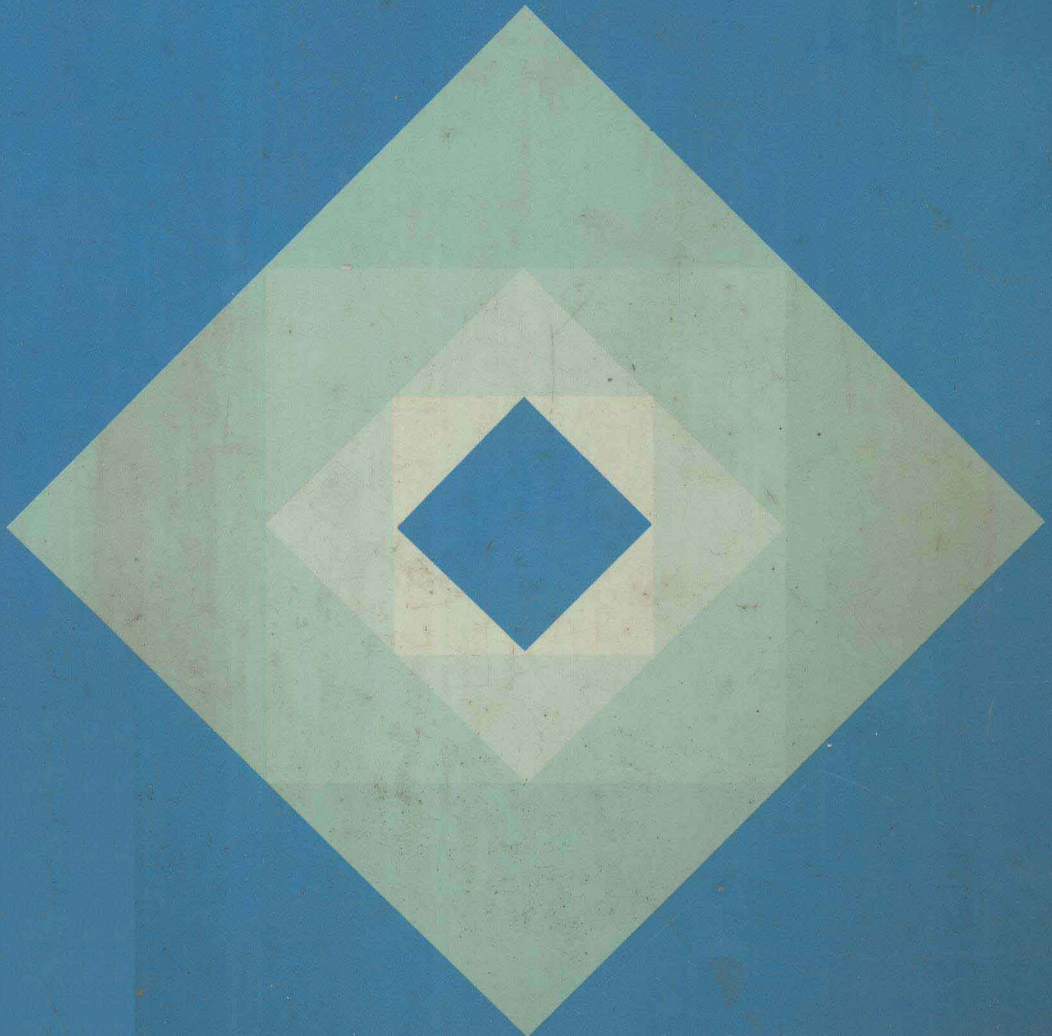


Study Guide and Cases for Principles of Management by Koontz and O'Donnell

Fourth Edition



STUDY GUIDE AND CASES FOR THE FOURTH EDITION OF PRINCIPLES OF MANAGEMENT

by Koontz and O'Donnell

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**STUDY GUIDE
AND CASES
FOR PRINCIPLES
OF MANAGEMENT**

preface

PURPOSE AND USE OF THE GUIDE

Study Guide and Cases for Principles of Management assists the student in his work in several ways. Each chapter unit in this guide begins with an orientation section which summarizes and supplies continuity with the text. Some students will find that this quick yet thorough view of the chapter can be read even before reading the full text, particularly with a lengthy, complex chapter.

The orientation section is useful because it gives the student a central theme to follow when reading the detailed analysis in Principles of Management. After reading the chapter in the book, look over the Study Guide orientation unit again. If any point in the Study Guide puzzles you, it is worth further study. Since most major concepts are dealt with in the Study Guide, failure to understand the orientation section should sound the alarm for further work.

The orientation section for each chapter is followed by questions on the important terms and concepts. You should have an intelligent grasp of each of these items after studying the text or guide chapter.

The next item given for each text chapter is a group of review questions: true-false, multiple-choice, and completion. Use these after you have the terminology and concepts of a chapter firmly in mind. These questions are typical of many used in examinations. In order to minimize reference checking time, the correct answers to these questions appear in the guide.

Next in the guide are discussion questions typical of those raised in classes and examinations.

The guide also presents five business cases in the last section. These five cases form a potential bank of practical application of the knowledge gained from the text. Many instructors use the cases as a basis for written reports. Students project themselves into the role of consultants and prepare a thorough analysis of the problem areas and recommended courses of action. In complete form such a report would include an appropriate letter of transmittal and a logically structured development of the significant factors pre-

sented in such a way that it would gain the support of the management "client." You should not expect to be able to give incontrovertible answers to the problems posed by the cases. Management is a complex applied art, and absolute answers to management problems are seldom available, even from experts. You should, however, be able to marshall your arguments expertly and to take into account all of the pertinent concepts.

Questions and cases of the type in this guide have been used by the author in numerous courses and seminars in management. Professors Harold Koontz and Cyril J. O'Donnell, who have long been in the forefront of management theory and practice, generously assisted in the preparation of this guide.

John F. Halff

**STUDY GUIDE
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managing and management principles

As modern civilization increasingly becomes one of cooperative endeavor, the successful managing of group effort becomes correspondingly important to survival and achievement. The contribution that *Principles of Management* makes is to provide potential leaders and practicing managers with a set of principles—or, more simply, working norms—to assist them in better organizing and running the groups for which they are now, or may soon become, responsible.

The introductory chapter has three objectives:

- 1 To explain how and why the manager does his job and what basics underlie it
- 2 To establish the importance of principles in the study and practice of management
- 3 To create background for the development of the student's historical perspective

For the first objective, we begin with the premise that all managers share the same task: to design or create and maintain the internal environment for organized effort to accomplish group goals. They perform this task by performing functions that appear to be characteristic of all managers everywhere, regardless of the form of their enterprise or their level within that enterprise. The common functions are planning, organizing, staffing, directing, and controlling.

This leads us to the second objective: to examine the importance of principles. Since the functions are universal, they can be used for purposes of synthesis, classification, and application in the study of management. Through scientific methods of observation and verification we can derive principles—fundamental truths—and construct a body of knowledge around them. We must bear in mind, however, that the customary connotations of precision and definitiveness usually associated with a scientific approach do not obtain to the same degree in management. Management theory, the existing body of formalized knowledge, is still in its infancy and to a large extent depends on the rather informal and unstructured evidence of prac-

tioners. In addition, managing is truly an art, and as such its principles will always have a natural degree of inexactitude when one studies their application.

But principles constructed in an orderly fashion do provide a body of transferable knowledge and contain elements of causal relationships and predictability. For example, there is a principle under the “organization” function called “unity of command.” It states: The more completely an individual has a reporting relationship to a single superior, the less the problem of a conflict in instructions and the greater the feeling of personal responsibility for results.

If one were faced with the task of organizing a number of people, under most circumstances he could reasonably expect a more efficient and more effective group to result if the principle were applied than if he had members reporting to two or more leaders.

In addition to increased managerial efficiency, we obtain a better understanding of the nature of management and improved research through using known hypotheses such as those expressed in the principles. Also, the systematic use of managers’ experience and training can result in the accomplishment of social goals that might otherwise be impossible to attain without them.

The third objective of the introductory chapter, background and historical perspective, helps to explain why management theory has been so slow in development when compared with other sciences. For centuries business was regarded with great suspicion and managers were really not what one could call near the top of social structures. Only recently have their social and economic contributions been recognized and the manager’s position become one of respect as well as one of necessity.

Today advancements in management knowledge are compounding rapidly and diverse groups such as behaviorists, who apply their background of anthropology, sociology, and psychology to the study of people working together, and systems specialists, who analyze components, subsystems, and interrelated systems of people in organizations, are lending an interdisciplinary character to many of the present studies.

IMPORTANT TERMS AND CONCEPTS

Below are some of the ideas highlighted in this chapter. Briefly summarize their meaning:

- 1 Managing
- 2 Common functions of a manager
- 3 Principles
- 4 Theory
- 5 Behaviorist approach
- 6 Systems approach

REVIEW QUESTIONS

True-False

- F 1 It is the task of the manager to establish and maintain an external environment in which people working together in groups can perform effectively and efficiently toward the attainment of individual goals.
- F 2 The most common functions of a manager are to plan, see, do.
- T 3 There is no basic distinction to be drawn between managers and executives, administrators, or supervisors.
- T 4 The goal of managers is fundamentally the same in business and nonbusiness enterprises.
- T 5 The practice of management is an art utilizing an underlying science.
- T 6 Management has often lagged behind other sciences until recent years.
- T 7 More efficient and effective attainment of objectives is always implied in principles.
- T 8 The Roman Catholic Church is the oldest formal organization in Western civilization.
- F 9 Frederick W. Taylor's principal point was insistence on the criterion of executive experience.
- T 10 Business is a system.

Multiple-choice and Completion

- 1 The management functions about which we structure principles are:
 (a) coordinating
 (b) planning
 (c) commanding
 (d) organizing
 (e) staffing
 (f) directing
 (g) doing
 (h) controlling
 (i) all the above
- 2 Principles can be descriptive, prescriptive, or normative.
- 3 Theory is the systematic grouping of inter-related principles in a field of inquiry.
- 4 The modern "general staff" concept is traced to the armies of:
 (a) France
 (b) Prussia
 (c) England
- 5 Included among Fayol's functions or elements of management were:
 (a) planning
 (b) organizing
 (c) staffing
 (d) directing
 (e) controlling
 (f) commanding
 (g) coordinating
 (h) all the above
- 6 A system is a set or assemblage of things connected, or interdependent, so as to form a complex unity.
- 7 The functions of planning and organizing have particularly benefited from the systems approach to management.

4 Chapter One

- 8 Match the following contributors to management with their main concept:

<i>Contributor</i>	<i>Main concept</i>
<u>C</u> Chester I. Barnard	(a) staff principle in the Catholic Church
<u>D</u> Henri Fayol	(b) overorganization
<u>A</u> J. D. Mooney	(c) sociological theory of organization
<u>E</u> Frederick W. Taylor	(d) general principles of management
<u>B</u> Russell Robb	(e) scientific method and shop management
<u>I</u> Oliver Sheldon	(f) plan, do, see
<u>H</u> Henry Dennison	(g) Hawthorne experiments
<u>F</u> Alvin Brown	(h) leadership and human engineering
<u>G</u> Roethlisberger and Dickson	(i) management as a whole

Discussion

- 1 In what way is science systematized?
- 2 What is the scientific method?
- 3 Why are management principles needed?
- 4 Which of the contributors to management theory covered in this chapter seemed to have the best ideas?

ANSWERS

Important Terms and Concepts

- 1 Is the task of establishing and maintaining an internal environment in which people working together in groups can perform effectively and efficiently toward the attainment of group goals
- 2 Planning, organizing, staffing, directing, and controlling
- 3 Are fundamental truths, or what are believed to be truths at a given time, explaining relationships between two or more sets of variables
- 4 Is a systematic grouping of interrelated principles
- 5 The analysis of interpretation by social scientists of people working together in groups to perform tasks and how they behave or react in this circumstance
- 6 The analysis of components, subsystems, and interrelated systems of people in organizations

Review Questions*True-False*

- | | | | |
|---|-------|----|-------|
| 1 | False | 6 | True |
| 2 | False | 7 | True |
| 3 | True | 8 | True |
| 4 | True | 9 | False |
| 5 | True | 10 | True |

Multiple-choice and Completion

- 1 b, d, e, f, h
- 2 prescriptive, normative
- 3 principles
- 4 b
- 5 a, b, e, f, g
- 6 system
- 7 planning, control
- 8 Barnard, c
Fayol, d
Mooney, a
Taylor, e
Robb, b
Sheldon, i
Dennison, h
Brown, f
Roethlisberger and Dickson, g

patterns of management analysis

“The management theory jungle” is the phrase describing the proliferating approaches to management that have developed in recent years. This chapter attempts to order the resultant confusion by classifying the various approaches into six schools, thus enabling us both to compare and to contrast our own operational approach with others:

- 1 Operational: analyzes the management process and establishes a conceptual framework for it; identifies its principles and builds a theory of management from them. It regards management as a universal process and looks on management theory as a way of organizing experience so that practice can be improved through research, empirical testing of principles, and proper teaching of fundamentals.
- 2 Empirical: analyzes management in terms of cases and experience and deemphasizes the principles aspect.
- 3 Human behavior: centers on interpersonal relations and leadership (direction) factors.
- 4 Social system: regards enterprises as social organisms.
- 5 Decision theory: focuses on rational decisions and the people and their processes in reaching these decisions.
- 6 Mathematical: builds mathematical models and quantifies variables and relationships.

“The management theory jungle” also involves us in tangled semantics, where there is no agreement on the application of the term “management” or a definition of the word “organization,” let alone a unified view of management as a field of knowledge. The suggestion that the field of management be defined in the light of the able and discerning manager’s frame of reference is a soundly realistic blend of theory and practice.

Some emphasis should be placed on management and its various parts as analyzed by the currently prevalent systems theory. Using this approach, management is seen as a system of interrelated variables, constraints, and parameters, with characteristics similar to those of physical and biological systems.

IMPORTANT TERMS AND CONCEPTS

Briefly state the principal emphasis in the following schools:

- 1 Operational
- 2 Empirical
- 3 Human behavior
- 4 Social system
- 5 Decision theory
- 6 Mathematical

REVIEW QUESTIONS

True-False

- | | |
|---|--|
| <p><u>F</u> 1 There is now a unified approach to the study of management.</p> <p><u> </u> 2 The operational school was fathered by Henry Fayol.</p> <p><u>F</u> 3 Robert Tannenbaum is a member of the social system school.</p> <p><u>F</u> 4 Chester I. Barnard in his <i>The Functions of the Executive</i> is one of the foremost proponents of the operational school.</p> <p><u>F</u> 5 Ernest Dale is identified with the human behavior school.</p> <p><u>F</u> 6 "Organization" is one of the few</p> | <p>words with general semantical agreement.</p> <p><u>T</u> 7 Management involves getting things done through people.</p> <p><u>F</u> 8 The field of management encompasses operations research and accounting as parts of its content.</p> <p><u>F</u> 9 Systems theory is in opposition to the tenets of the operational school.</p> <p><u>F</u> 10 According to Wiener, systems energy gains in proportion to complexity.</p> |
|---|--|

Multiple-choice and Completion

- | <p>1 The authors' school can best be described as:</p> <p>(a) operational</p> <p>(b) empirical</p> <p>(c) human behavior</p> <p>(d) social system</p> <p>2 Match the following concepts with their appropriate school:</p> | <table border="0"> <thead> <tr> <th style="text-align: left;">School</th> <th style="text-align: left;">Concept</th> </tr> </thead> <tbody> <tr> <td><u>C</u> Operational</td> <td>(a) comparative approach</td> </tr> <tr> <td><u>a</u> Empirical</td> <td>(b) leadership and interpersonal relationships</td> </tr> <tr> <td><u>b</u> Human behavior</td> <td>(c) principles framework</td> </tr> </tbody> </table> | School | Concept | <u>C</u> Operational | (a) comparative approach | <u>a</u> Empirical | (b) leadership and interpersonal relationships | <u>b</u> Human behavior | (c) principles framework |
|--|---|--------|---------|----------------------|--------------------------|--------------------|--|-------------------------|--------------------------|
| School | Concept | | | | | | | | |
| <u>C</u> Operational | (a) comparative approach | | | | | | | | |
| <u>a</u> Empirical | (b) leadership and interpersonal relationships | | | | | | | | |
| <u>b</u> Human behavior | (c) principles framework | | | | | | | | |

- d Social system (d) environmental conflicts
f Decision theory (e) management science
e Mathematical (f) consumers' choice outgrowth

- 3 Feedback is characteristic of a (*closed/open*) loop system.
 4 A system is an assemblage of objects or functions united by some interaction or interdependence.

Discussion

- 1 Do you think it is more reasonable to expect that management would develop along the lines of various schools or that a unified approach to its study would emerge?
- 2 What is "operational" about our principles of management?

ANSWERS

Important Terms and Concepts

- 1 Analyzes the management process, establishes a conceptual framework for it, identifies its principles, and builds a theory of management from them
- 2 Analyzes management in terms of cases and experience and deemphasizes the principles aspect
- 3 Centers on the interpersonal relations and leadership (direction) factors
- 4 Regards enterprises as social organisms
- 5 Focuses on rational decisions and the people and their processes in reaching these decisions
- 6 Builds mathematical models and quantifies variables and relationships

Review Questions

True-False

- | | |
|---------|----------|
| 1 False | 6 False |
| 2 True | 7 True |
| 3 False | 8 False |
| 4 False | 9 False |
| 5 False | 10 False |

Multiple-choice and Completion

- | | |
|--------------------|----------|
| 1 a | 3 closed |
| 2 c, a, b, d, f, e | 4 system |