

myt uc  
**6**

# Effective Management

Name : \_\_\_\_\_

Class : \_\_\_\_\_ (     )





## Revision notes

### Management skills

There are three types of management skills: (1) conceptual skills, (2) interpersonal skills and (3) technical skills.

#### 1 Conceptual skills

- Conceptual skills enable managers to perceive and understand complicated ideas and abstract relationships.
- They are important in decision-making and problem solving.
- Managers with good conceptual skills are more creative and are able to see problems from different perspectives.
- They are most important for top management.

#### 2 Interpersonal skills

- Interpersonal skills enable managers to work with, understand and motivate their subordinates.
- Interpersonal skills are crucial to all three levels of management because all managers have to work with people all the time.

#### 3 Technical skills

- Technical skills enable managers to direct and monitor their subordinates to perform their tasks.
- Managers with good technical skills can ensure that workers complete their tasks properly.
- Technical skills are fundamental to first-line managers because they work closely with workers.
- As one progresses upward, technical skills become less important.

### Principles of effective management

#### Division of labour

- This is also called division of work or specialisation.
- It refers to task specialisation which allows workers to do the tasks that they can do best.
- This allows workers to specialise in doing parts of the job rather than the entire job.
- In theory, division of labour can increase productivity.
- However, it may decrease employees' job satisfaction and motivation because they are required to repeat the same tasks over and over again.

#### Unity of command

- This means that each person in an organisation takes orders from and reports to one supervisor only.
- Every person in an organisation has one and only one superior to whom he is directly responsible.
- This helps clarify who reports to whom in an organisation and avoid conflicting instructions from different supervisors.



### **Unity of direction**

- This means that each plan is led by only one manager.
- It ensures that the efforts of all staff in an organisation are directed towards achieving the same plans and goals.
- It is a solution to the problem of people in an organisation having conflicting goals and acting in contravention to each other.

### **Authority and responsibility**

#### **Authority**

- Authority is the formal and legitimate right of a person in a certain position to give orders and make decisions.
- It is the power given by an organisation to a person in a certain position so that he can complete his assigned duties and tasks.
- The authority that a person has should match the nature of his job.
- Top management possesses more authority than middle and first-line management.

#### **Responsibility**

- Responsibility is the obligation of a person to complete certain tasks.
- When managers assign tasks to their subordinates, they will also delegate authority to them.
- Authority and responsibility go hand-in-hand and should be in balance.
- Workers must possess a sufficient amount of authority to carry out their tasks effectively.

#### **Delegation**

- Delegation involves the transfer of formal authority and responsibility for completing a task from one person to another person(s).
- The person who delegates tasks to his subordinates:
  - (i) is still accountable for the final results.
  - (ii) should oversee and monitor the tasks being carried out by subordinates.

### **Management by objectives (MBO)**

- MBO can ensure that a company's overall objectives are translated into specific objectives for each succeeding level, such as a division, department and individual employees.
- This enhances coordination among different levels of workers as they work together to carry out the organisation's plans.



- The MBO process consists of four steps:
  - (i) Setting objectives
  - (ii) Developing an action plan
  - (iii) Implementing the plan
  - (iv) Reviewing performance
- By adopting MBO, the company can ensure that both managers and subordinates understand the objectives of the company. This also helps employees improve their performance and create better relationships between superiors and subordinates.
- The drawbacks of MBO are that it takes a lot of time and increases the managers' workload.



## Demo Question

Read the case below and then answer the questions.

### A poorly managed shirt factory

Mr Chan is the newly appointed plant manager at a shirt factory. Although Mr Chan has just arrived at the factory, a number of issues have attracted his attention.

First, many workers have no fixed positions. They have to perform tasks in three or even more sections, according to the needs of the factory at that time.

Second, some clerical staff in various positions have to follow orders from two or three supervisors. They said this allows for flexibility.

Third, quality control tasks are handled by different departments. Therefore, many duties are duplicated, such as quality identification and monitoring etc.

- (a) Name the three management principles that are violated in the factory. (3 marks)
- (b) Describe the problems of violating the three management principles mentioned in (a). (6 marks)
- (c) Suggest how Mr Chan can solve the problems in (b). (6 marks)





## Troubleshooter

- 1 Students are often required to analyse cases in examinations which are usually related to real life situations. Students are required to apply the concepts learnt in answering questions. They have to judge which concept the examiners are referring to.
- 2 In this question, students should be able to identify that this is related to the principles of effective management, such as division of labour, unity of command, unity of direction and so on.
- 3 Therefore, students should apply management principles and match the case to the relevant principles. This is the process of categorisation.



## Answers

- (a)
- Division of labour (1 mark)
  - Unity of command (1 mark)
  - Unity of direction (1 mark)
- (b)
- Division of labour: Since workers have no fixed positions, they need time to switch from one job to another. (2 marks)
  - Unity of command: Office staff have to follow orders from two or even three supervisors. They may be confused when their supervisors simultaneously give instructions that conflict with each other or have the same urgency. (2 marks)
  - Unity of direction: The task of quality control is handled by different departments. As a result, some of the efforts of these departments are wasted because of duplication of duties. (2 marks)
- (c)
- Division of labour: The factory should fix the positions of workers and minimise their need to assume new duties. By applying the principle of division of labour, workers can concentrate on their own tasks and efficiency can be enhanced. (2 marks)
  - Unity of command: To solve the problems arising from multiple instructions from multiple supervisors, the company should strictly follow the rule that one subordinate should only take orders from and report to one supervisor. (2 marks)
  - Unity of direction: To solve the problems arising from similar tasks being performed by different departments, the company can adopt the principle of unity of direction. To do this, the factory can set up a quality management department and keep all quality control tasks under this department. One manager should be appointed to be in charge of the department. This can ensure that all staff is committed to the same quality control standard, instead of having these tasks individually handled by different departments. (2 marks)



## Revision Exercises

### Multiple Choice Questions

(2 marks for each question)

- 1 Which of the following management principles states that one worker should not report to more than one supervisor?
  - A. Unity of command
  - B. Division of work
  - C. Unity of direction
  - D. Authority and responsibility
  
- 2 Which of the following management skills refers to the mental ability of a manager to perceive and understand complicated ideas and abstract relationships?
  - A. Technical skills
  - B. Operational skills
  - C. Interpersonal skills
  - D. Conceptual skills
  
- 3 A supervisor motivates his subordinates and ensures that they work towards organisational goals. This is an example of using
  - A. technical skills.
  - B. interpersonal skills.
  - C. operational skills.
  - D. conceptual skills.
  
- 4 Which of the following descriptions about the relationships between management skills and the levels of management is false?
  - A. Compared with first-line management, conceptual skills are more important for middle management.
  - B. Technical skills are least important for top management.
  - C. Top management does not need to possess technical skills.
  - D. Interpersonal skills are equally important for all three levels of management.
  
- 5 The chief librarian demonstrates to his subordinates how to use the new information system to search for books. What management skill(s) is/are demonstrated by the chief librarian?
  - (i) Conceptual skills
  - (ii) Interpersonal skills
  - (iii) Technical skills



- A. (ii) only
- B. (iii) only
- C. (i) and (iii)
- D. (ii) and (iii)

6 Which of the following describe the characteristics of a manager who possesses good conceptual skills?

- (i) He is creative and can work out better solutions to the problems.
- (ii) He can see problems from different perspectives.
- (iii) He has the ability to view an organisation as a whole.
- (iv) He can understand how the various parts of the organisation are related to and depend on one another.

- A. (i) and (iii)
- B. (ii) and (iv)
- C. (ii), (iii) and (iv)
- D. All of the above

7 Which of the following is an example of division of labour?

- A. At Wealthy Bank, staff members are allowed to deal with clients in their own ways.
- B. At Delicious Restaurant, two chefs are responsible for preparing Chinese-style and Western-style dishes, respectively.
- C. At Powerful Electronics, technicians only take orders from and report to the department head.
- D. At the Police Force, police officers are required to participate in different projects and follow instructions of the team leader in charge.

8 Which of the following is not a characteristic of division of labour?

- A. It is easier for management to supervise the production process.
- B. Labour cannot be easily replaced by machines.
- C. People can specialise in tasks which they can perform well.
- D. Workers can improve their skills by repeating a task many times.

9 Which of the following is a characteristic of division of labour?

- A. The entire production process is not affected when only a small number of workers make mistakes.
- B. Division of labour is only suitable for manufacturing plants but not for service industry.
- C. Workers only specialise in doing parts of the job.
- D. It may lead to high job satisfaction because workers are only required to do the same task over and over again.

- 10 What is the most important reason for practising unity of command in organisations?
- A. To shorten the communication path
  - B. To avoid conflicting instructions from two or more superiors
  - C. To save on supervisory efforts
  - D. To save on operational costs
- 
- 11 Which of the following principles ensures that all employees follow the same plan and have the same goals?
- A. Unity of command
  - B. Management by objectives
  - C. Unity of direction
  - D. Division of labours
- 
- 12 \_\_\_\_\_ refers to the formal and legitimate right of a person in a certain position to give orders and make decisions.
- A. Authority
  - B. Responsibility
  - C. Delegation
  - D. Accountability
- 
- 13 Managers should consider the following factors when deciding to delegate authority to subordinates:
- (i) Age
  - (ii) Race
  - (iii) Sense of responsibility
  - (iv) Capabilities
- A. (iv) only
  - B. (i) and (ii)
  - C. (iii) and (iv)
  - D. All of the above
- 
- 14 What is the correct order of the four steps of management by objectives?
- (i) Developing an action plan
  - (ii) Setting objectives
  - (iii) Reviewing performance
  - (iv) Implementing the plan
- A. (i), (ii), (iii), (iv)
  - B. (ii), (i), (iii), (iv)
  - C. (ii), (i), (iv), (iii)
  - D. (iii), (iv), (i), (ii)
-



- 15 Which of the following is not a disadvantage of management by objectives (MBO)?
- A. MBO increases managers' workloads.
  - B. Subordinates have a strong commitment to objectives but not the vision and mission of the organisation.
  - C. MBO is very time consuming as managers have to take up an active role in the whole process.
  - D. MBO focuses primarily on an organisation's short-term objectives.
- 
- 16 Mary is the director of an advertising agency. Charmaine, her assistant, has worked at the company for more than 10 years. Recently, Mary has delegated to Charmaine the authority and responsibility for serving a key client. Which of the following statements are correct?
- (i) Mary can take back the authority from Charmaine.
  - (ii) Mary, as Charmaine's supervisor, is responsible for the result if Charmaine fails to complete the task.
  - (iii) Charmaine should complete her tasks independently and handle all the problems herself.
  - (iv) Charmaine cannot reject Mary's delegation.
- A. (i) and (ii)
  - B. (i) and (iv)
  - C. (ii) and (iii)
  - D. All of the above
- 
- 17 What characteristic(s) does management by objectives have?
- (i) It ensures that each individual knows how his work can contribute to the achievement of the organisation's objectives.
  - (ii) It can enhance coordination among different levels of workers as they work together to carry out the organisation's plans.
  - (iii) It is used to ensure that the organisation's objectives are translated into specific objectives for different staff in different units.
- A. (i) and (ii)
  - B. (i) and (iii)
  - C. (ii) and (iii)
  - D. All of the above
- 
- 18 Which of the following is not a characteristic of unity of direction?
- A. All staff members' efforts are directed towards the same objectives.
  - B. Each plan is led by only one manager.
  - C. A subordinate can report to only one superior.
  - D. Managers should have enough authority so that they can coordinate the efforts of the staff to complete the task.
-

- 19 Which of the following is an example of unity of command?
- A. David has only one subordinate.
  - B. Lily only takes orders from and reports to her supervisor, Tom.
  - C. Mr Chan only gives one command each time to Mr Wong, his subordinate.
  - D. None of the above
- 
- 20 Which of the following are advantages of division of labour?
- (i) Staff members' productivity can easily be enhanced.
  - (ii) Staff can perform a particular task very well.
  - (iii) It is easier for supervisors to monitor the entire production process.
- A. (i) and (ii)
  - B. (i) and (iii)
  - C. (ii) and (iii)
  - D. All of the above
- 
- 21 Which of the following concerning conceptual skills is/are correct?
- A. Conceptual skills are mental abilities to understand complicated ideas.
  - B. Managers who possess conceptual skills can understand the interrelationships among different parts of an organisation.
  - C. Managers who possess conceptual skills can understand the overall operations of an organisation.
  - D. All of the above
- 
- 22 Some multinational corporations have a matrix structure, in which many staff members have more than one supervisor. For example, managers report to the functional heads, regional heads or even the global head. Which of the following principles does the matrix structure violate?
- A. Unity of command
  - B. Management by objectives
  - C. Unity of direction
  - D. Division of labour
- 
- 23 Which of the following are disadvantages of division of labour?
- (i) Staff members may easily become bored.
  - (ii) The resignation of any worker may easily affect the whole production process.
  - (iii) When any worker makes mistakes, the whole production process may be affected.
- A. (i) and (ii)
  - B. (i) and (iii)
  - C. (ii) and (iii)
  - D. All of the above
-



24 Which of the following descriptions about technical skills are correct?

- (i) Managers at all levels must possess technical skills.
- (ii) Technical skills are particularly important for first-line managers.
- (iii) Managers who possess technical skills can understand the overall picture of the organisation.

- A. (i) and (ii)
- B. (i) and (iii)
- C. (ii) and (iii)
- D. All of the above

25 Which of the following are considered advantages of management by objectives (MBO)?

- (i) Subordinates have better communication with their superiors.
- (ii) Subordinates have a higher commitment to organisational objectives.
- (iii) MBO can facilitate communication among staff at the same level.
- (iv) MBO can facilitate communication between staff and the company's customers.

- A. (i) and (ii)
- B. (i) and (iii)
- C. (ii), (iii) and (iv)
- D. All of the above

### Short Questions

1 Many factories employ the principle of division of labour. Explain three reasons for the popularity of this management principle in manufacturing industries. (6 marks)

---

---

---

---

---

---

---

---

---

---

- 2 Management by objectives is commonly used by organisations all over the world. Explain three reasons for this. (6 marks)

---

---

---

---

---

---

- 3 Mr Chen owns a garment factory which has been operating for two years. He firmly believes that division of labour works very well in the manufacturing industry. However, after applying this management principle for several months, he has concluded that excessive division of labour may lead to a number of problems.

Explain three problems that Mr Chen may encounter from excessive division of labour in his factory. (6 marks)

---

---

---

---

---

---

- 4 Peter is the sales manager at an electronics company in Southern China. The CEO of the company has decided to implement management by objectives (MBO).

(a) Explain the ways that Peter's management practices may be changed because of the implementation of MBO. (6 marks)

---

---

---

---

---

---



- (b) Explain how the performance of Peter’s subordinates may be changed after the company implements MBO. (4 marks)

---

---

---

---

---

---

- 5 Describe the technical skills, interpersonal skills and conceptual skills that are required by the following managers.

- (a) A front-line restaurant supervisor (6 marks)

---

---

---

---

---

---

---

---

- (b) A top manager at a restaurant (6 marks)

---

---

---

---

---

---

---

---

- 6 Having been a psychologist at a non-governmental organisation for more than 10 years, Dr Leung has decided to start his own psychological centre in the coming month. The centre will provide four types of psychological services as follows:

Type of services	Details of the services
Assessment services	Includes intelligence assessment, personality assessment etc
Counselling services	Services for people face life transitions and patients suffering from emotional problems
Corporate training services	Enhance the well-being of staff with techniques such as time management and stress management
Human resources consultancy service	Explore the potential of staff and help managers understand their subordinates' strengths and weaknesses

Among the above four types of services, Dr Leung has predicted that there will be a huge market potential for human resources consultancy services.

In view of the future business opportunities, he plans to hire eight consultants to start with.

- (a) Explain how Dr Leung can use the three types of management skills to operate his psychological centre. (6 marks)

---



---



---



---



---



---

- (b) Suggest three methods of specialisation that can be used at Dr Leung's psychological centre. (6 marks)

---



---



---



---



---



---



- (c) Suggest how Dr Leung may delegate his power to the eight consultants. (4 marks)

---

---

---

---

- 7 Nowah is a multinational corporation specialising in home-based electrical appliances. Tammy is the training manager at its Hong Kong office. She is often required to perform tasks in the Greater China region.

Since the company has a matrix structure, Tammy has to report to two supervisors including the training director of the Greater China Region and the human resources director of Asia Pacific. She not only helps organise training programmes in the Mainland of China, but also participates in human resources projects, such as human resources electronic system enhancement.

Although Tammy has subordinates in her training department who serve as trainers, many departments have their own trainers too. Many department heads believe that they can provide training to their workers directly if they have their own trainers. It is not necessary for them to get permission and cooperation from the training department.

- (a) Name the two management principles which were violated in Tammy's case. (2 marks)

---

---

- (b) Based on the above case, explain what problems would occur as a result of the two management principles being violated. (8 marks)

---

---

---

---

---

---

---

---

---

---





## Chapter 6 Effective Management

### Multiple Choice Questions

(2 marks for each question)

- 1 A
- 2 D
- 3 B
- 4 C
- 5 D This concerns the transfer of skills regarding the use of the new information system in the library. Thus, this is regarded as technical skill. Interpersonal skills are also involved because the chief librarian needs to communicate with subordinates during demonstration.
- 6 D
- 7 B
- 8 B B is false. The fact is that the labour can easily be replaced by machines because production is divided into small tasks.
- 9 C
- 10 B
- 11 C
- 12 A
- 13 C Managers should consider their subordinates' sense of responsibility and capabilities when deciding on which subordinate is best suited for a task. In other words, managers should consider whether the subordinate can achieve the task, instead of other factors.
- 14 C
- 15 B An organisation's objectives should be derived from the organisation's vision and mission. Therefore, if employees have a strong commitment to the organisation's objectives, they will have a strong commitment to the organisation's vision and mission as well.
- 16 A Supervisors should have the authority to give and take back authority from their subordinates. They also have responsibilities for the tasks given. Also, Charmaine can discuss matters with Mary or reject Mary's delegation if she has reasons, although Mary has the power to make the final decision.
- 17 D
- 18 C
- 19 B
- 20 D
- 21 D
- 22 A
- 23 D Since workers have specialised skills, they cannot perform other tasks. Thus, it is difficult to find someone to replace the worker who has resigned within the company.

24 A

25 A

### Short Questions

1 Reasons for the popularity of division of labour:

- As products in manufacturing industries are standardised, the production process is routine and workers can simply repeat tasks.
- Workers can specialise in those tasks in which they are competent and proficient.
- Since workers in manufacturing industries are only required to learn one task instead of many tasks, they can easily develop the necessary skills and become experienced. As a result, their productivity is enhanced.
- As the whole production process is divided into many small tasks, it is easier for managers to supervise the production process.
- It is easier to replace workers with machines for some tasks.

(Any other reasonable answers)

(Any three of the above, 2 marks for each point)

- 2
- The objectives of subordinates can be linked to those of the organisation.
  - Subordinates can have a clear direction after the objectives are established.
  - By jointly setting up objectives, subordinates will have a stronger commitment to the objectives.
  - MBO facilitates communication between superiors and subordinates. Both can discuss the implementation of the action plan during the feedback sessions.
  - The performance of subordinates can be recognised and rewarded.
  - Subordinates can regularly get support from managers.

(Any other reasonable answers)

(Any three of the above, 2 marks for each point)

3 Mr Chen may encounter the following problems due to excessive division of labour:

- Workers' job satisfaction is reduced because excessive division of labour makes the work boring. (2 marks)
- When any worker makes a mistake, the entire production process may be affected. (2 marks)
- Workers are too specialised in one task and do not know how to do other tasks. In other words, when one worker is absent, Mr Chen may find it difficult to replace the absentee. The entire production may be affected as a result. (2 marks)

- 4 (a)
- It is easier for Peter to organise his work because the procedures for MBO have been clearly laid down, such as setting objectives, action plan development, plan implementation and performance review. (2 marks)
  - Peter has to regularly give support and feedback to subordinates and discuss their work progress with them. (2 marks)
  - Peter has to allow his subordinates to participate in setting objectives and plan development. He has to discuss with them the kinds of actions that should be taken to achieve the goal. (2 marks)

(Any other reasonable answers)



- (b)
- Peter's subordinates may have a stronger commitment to the organisation's objectives as they have participated in setting the objectives.
  - Peter's subordinates may have a clearer direction on what they need to do. Thus, their performance and productivity may be enhanced.
  - Peter's subordinates can receive regular support and feedback from Peter. This can motivate them to accomplish their tasks. As a result, their performance may be improved.
  - It is easier for Peter's subordinates to complete tasks because of Peter's close supervision. They can also discuss with Peter any problems they encounter. This helps them improve their productivity and work efficiency.

(Any other reasonable answers)

(Any two of the above, 2 marks for each point)

**5** (a) A front-line restaurant supervisor

- Technical skills: He should possess basic catering skills, like table and utensils arrangement. (2 marks)
- Interpersonal skills: He should possess the ability to work closely with his subordinates. He should also have the ability to communicate with customers effectively. (2 marks)
- Conceptual skills: He should possess the ability to deploy adequate workforce to meet customers' need in the restaurant at different times. For example, when the restaurant is crowded, he may arrange extra part-time staff to work at the restaurant. (2 marks)

(Any other reasonable answers)

(b) A top manager at a restaurant

- Technical skills: He should understand the basic operations of a restaurant. (2 marks)
- Interpersonal skills: He should know how to work with managers one level below in order to manage all of the staff in the restaurant. (2 marks)
- Conceptual skills: He should be able to perceive and understand the complicated relationships between the macroeconomic environment and the development of the restaurant. He should also be creative and be able to see problems from a wide range of perspectives. (2 marks)

(Any other reasonable answers)

- 6** (a)
- Dr Leung needs to use his technical skills in psychology, such as psychological assessment skills, training skills and counselling skills, to operate his psychological centre. Although most of the duties will be carried out by the consultants he employs, he still needs to supervise them and give instructions when necessary. (2 marks)
  - Dr Leung should also possess interpersonal skills, like staff motivation and staff coaching. While he leads a team of eight professionals and other clerical support staff, most of his duties are to be carried out by his workers. Therefore, he has to ensure that his workers can complete the assigned tasks. (2 marks)
  - Dr Leung can use his conceptual skills to solve problems and make decisions. For example, as Dr Leung predicted a strong market potential for human resources consultancy services, he has decided to offer this service at his centre. (2 marks)

(Any other reasonable answers)

- (b) • Dr Leung can simply allocate the eight consultants to the four services, with two for each service. This is the simplest division of labour. (2 marks)
- As human resources consultancy services is a strong potential market, Dr Leung may allocate more staff to this service. For example, he may assign five consultants for this service and one consultant for each of the remaining services. (2 marks)
  - Dr Leung can also set up departments according to customer types, such as a personal client department (specialising in assessment services and counselling services) and a corporate client department (specialising in training and human resources consultancy services). He can assign four consultants each to the personal client department and the corporate client department. (2 marks)

(Any other reasonable answers)

- (c) As Dr Leung cannot handle all of the tasks on his own, he should delegate the authority and duties to his staff.
- Dr Leung should delegate decision-making power to his consultants for routine daily work. The eight consultants can then arrange their schedules and deal with clients themselves. (2 marks)
  - Dr Leung should also allow his consultants to tailor their services to their customers. For example, for corporate training services, the consultants may tailor their services based on the needs of different corporations. They may also negotiate prices with clients directly, but Dr Leung has final veto power regarding any decisions. In other words, Dr Leung can overrule any decisions made by the consultants. (2 marks)

(Any other reasonable answers)

- 7 (a) • Unity of command (1 mark)
- Unity of direction (1 mark)

(b) *Unity of command*

- As Tammy has two superiors to whom she is directly responsible, conflicting instructions may be given by these two superiors. (2 marks)
- Employees may find it difficult to decide on the priority of different works. As a result, Tammy will be confused. (2 marks)

(Any other reasonable answers)

*Unity of direction*

- Since there is no unity of direction, staff efforts may not be directed towards the same plan and the same goals. Confusion often occurs when there is more than one goal. (2 marks)
- Under unity of direction, there should be one plan for a group of activities having the same objectives. Nowah has different departments carry out training on its own. As training activities are not centralised under the training department, many tasks are duplicated and resources are wasted in the company. Moreover, different departments have different standards, the training quality within the company cannot be standardised. (2 marks)

(Any other reasonable answers)



- 8
- Prior to the implementation of MBO, the staff at Nancy's staff were very free and worked in their own ways. But MBO may impose guidelines and quite a lot of structure on the company. All staff members, especially the non-managerial staff, will be directly affected. For example, some new management systems may be set up with measurable and specific objectives and action plans. The staff members will be forced to adhere to these once the objectives and plans are set. (2 marks)
  - Moreover, the staff may need to work closely with their superiors as part of MBO. If the relationships between the subordinates and the supervisors are bad, the workers may resent having so many frequent and regular meetings with their supervisors. (2 marks)
  - MBO requires managers to observe and monitor the progress of their staff regarding the implementation of the plans. They have to give feedback to their subordinates. Not every manager has the skill to observe and give feedback to staff members in a friendly and frank manner. Therefore, many non-managerial staff members may feel offended during feedback sessions. (2 marks)
  - MBO requires managers to review performance and to reward and recognise subordinates. However, not every company has the money to reward outstanding staff. If expectations have been raised but no reward has been given, staff members may feel frustrated and even demotivated. (2 marks)

(Any other reasonable answers)

## Chapter 7 Key Business Functions

### Multiple Choice Questions

(2 marks for each question)

- 1 C
- 2 D
- 3 A
- 4 D
- 5 D
- 6 C
- 7 B Answers A, C and D are examples of an operations department in different industries. But in answer B, the training department is a supporting department rather than an operations department.
- 8 A 'Place' in the marketing mix refers to the activities that a company carries out to make its products or services available to buyers, that is, a channel or distribution strategy. It is the place of sales, rather than production.
- 9 B
- 10 A
- 11 B
- 12 D
- 13 A Answer B is an example of risk reduction because employing security guards can reduce the chance of loss from a robbery. Answer C is also a risk reduction strategy because life jackets can reduce loss of life if there is any accident.
- 14 C Finding out what customers need is the duty of the marketing department, rather than the operations department.
- 15 B
- 16 B
- 17 C
- 18 C
- 19 A The company sells only one brand and one kind of product (women's wear), which eliminates choices in product structure. The fashion chain's outlets are located in different areas. This makes the choice of geographical structure more suitable.
- 20 B
- 21 A
- 22 D
- 23 C
- 24 A
- 25 D
- 26 D
- 27 C As you cannot control the ticket sales, you have no choice but to bear the risk of loss yourself.