

# Some Notes Regarding the Relationships between the Lower Division Core (Exams) and the Topics in Management and Organizational Behavior

wayne.smith@csun.edu

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**Course:** *MGT 360*

**Title:** *Management and Organizational Behavior (3 units)*

“There is no such thing as change. There are only transitions.”

---*Parmenides of Elea (c. 500 B.C.)*

The purpose of this document is to offer some perspectives on the relationships between the foundational material in the Lower Division Core (LDC) concepts and the more intermediate material in management in general and organizational behavior specifically. Recall that the faculty in each of the College of Business and Economics academic disciplines have articulated the “top ten” concepts that are key to success as a business professional. Recall also that each student must demonstrate mastery of the LDC “top ten” concepts via a closed notes, closed people, objective (multiple-choice) exam.

Each of the following six pages is allocated to one of the six major LDC Exams:

LDC – Statistics

LDC – Business Law

LDC – Microeconomics

LDC – Macroeconomics

LDC – Financial Accounting

LDC – Management Accounting

Although not specifically tested for on the LDC Exams, the BUS 105 (“Business Communication”) and COMP 100 (“Introduction to Computers”) courses are important and relevant to the mastery of the management discipline. For BUS 105, I derived the “top ten” concepts from the course description listed in the catalog. For COMP 100, I derived the “top ten” concepts from the syllabi of the lead instructor of the course.

LDC – Business Communication

LDC – Introduction to Computers

In general, mathematics is strongly correlated with success in subsequent academic courses. Introductory management courses, such as MGT 360, typically do not benefit from deep mathematical knowledge. However, some advanced organizational behavior topics, such as complexity theory, organizational dynamics, strategic management, and other topics do benefit from knowledge of quantitative methods and data analysis.

### **LDC - Statistics:**

1. Calculate and interpret standard deviation, variance, mean, median, and mode. Summarize the data using appropriate graphical (includes histograms, bar charts, box plots) and numerical (includes standard deviation, variance, mean, median, and mode) methods.
2. Perform a one-population test of hypotheses, and make the correct decision and interpretation.
3. Calculate a confidence interval for mean and proportion, and interpret results.
4. Calculate a regression equation, make proper interpretation of coefficients, and graph it.
5. Understand the concept of expected value and know how to calculate it.
6. Decide what distribution (binomial, normal, t) to use given the situation.
7. Understand what a  $p$  value is.
8. Understand how variation creates uncertainty.
9. Understand the distinction between the population and sample.
10. Understand what types of statistical analyses are appropriate for use on qualitative data (as compared to the types of analyses that are appropriate for use on quantitative data).

### **Use in Management:**

The father of modern management, Peter Drucker, once famously remarked that "...you can't manage what you can't measure." We always wish to understand variation well. In particular, we seek to distinguish between systematic errors and random errors. Sometimes, we can only estimate the latter and often, we wish to implement a management intervention to reduce the former. This is easy to say in class and difficult for many organizations (even large ones) to do in practice. Further, some of the interventions that were prudent within an *industrial*-age (manufacturing) economy may be necessary, but insufficient, within a *knowledge*-age (service) economy.

Ed Deming once remarked, "...without data, you are just another person with an opinion." In technical terms, one cannot understand, much less predict, a phenomenon without focused attention on the collection and analysis of data. In management terms, you cannot build trust and credibility with others without a broad understanding of the nature of data and the corresponding techniques of analysis (including probability).

### **Use in Organizational Behavior:**

Francis Bacon once wrote that "Information is power." Some individuals will withhold data or ignore data-based evidence. Some individuals outright reject scientific methods or do not understand mathematical foundations as truth-seeking. Motivating individuals and organizations to "share" insights and knowledge is non-trivial. Much of the operational time in management is expended trying to reduce uncertainty and lead change. Additionally, different stakeholders may hold very different views on whether the quantitative or qualitative information should be "private" or "public."

**LDC – Business Law:**

1. Understand the roles of offer and acceptance in the formation of a contract.
2. Understand the difference between (a) intentional tort liability, (b) negligence liability, and (c) strict liability.
3. Understand arbitration and significance of agreeing to submit a dispute to arbitration.
4. Understand product liability law.
5. Understand duty to mitigate damages.
6. Recognize misrepresentation and fraud as defenses to contract enforcement.
7. Understand the implications of the statute of limitations.
8. Identify and understand the differences between civil and criminal liability.
9. Understand the differences between compensatory and punitive damages.
10. Understand the situations in which it is necessary for a contract to be in writing to be enforceable.

**Use in Management:**

There are two institutions that are absolutely required in a nation to foster a market economy in the world market—1), a reliable and workable transportation infrastructure, and 2), a predictable and understood legal system. Without the latter, few individuals will be willing to invest in the economy, because there will be no established pathway to resolve the inevitable conflicts, much less recoup monetary expenditures. Or put differently, individuals both within the country and outside of the country have to have deep “trust” the government, in terms of both of enactment and enforcement of criminal and civil laws (especially torts and contracts).

**Use in Organizational Behavior:**

Individuals make assumptions about their behavior, the behavior of others, and the ramifications (or lack of ramifications) for making legal and ethical choices. These assumptions are learned through professional growth and development, but often require clarification in express, written form. Policies and procedures in organizations are some of the most difficult documents to write correctly. Worse, some procedures are informal (“practices”) and not written down at all. Both the organizational culture and the external environment are impacted greatly by the regulatory and statutory climate in all matters. This is probably most true than in matters affecting the hiring, retention, compensation, and promotion of employees.

**LDC - Microeconomics:**

1. Explain the concept of opportunity cost and explain why accounting profits and economic profits are not the same.
2. Explain the principle of comparative advantage and how it leads to specialization and gains from trade.
3. Understand how various factors shift supply or demand and understand the consequences for equilibrium price and quantity.
4. Show how prices affect the allocation of resources and coordinate a decentralized market economy.
5. Discuss factors that determine demand and supply elasticity. Explain how demand and supply elasticity affect tax policy and the consequences of business decisions.
6. Be able to explain and calculate average and marginal cost to make production decisions.
7. Contrast market outcomes under monopoly and competition.
8. Apply principles of consumer/producer surplus to explain efficient level of production and sales in a market.
9. Explain externalities and public goods and how they affect efficiency of market outcomes.
10. Explain why exchange rates indicate the price of international currencies and how exchange rates are determined by supply and demand for currencies in international markets.

**Use in Management:**

Microeconomics lies at the heart of the “theory of a business.” There would be no College of Business without the principles of market economies and organizational efficiencies. As a manager, I can tell you that nary a week went by (and never a meeting with other managers) that one or more well-understood principle of microeconomics did not lie at the center of the decision-making process. The end result may not always be predictable, but all of the managers are best informed by fundamental economic theories such as “utility theory” and “exchange theory,” and particularly the use of information in decision-making. And finally, the process and product of *strategy* for many organizations starts, and occasionally ends, within established economic models and frameworks.

**Use in Organizational Behavior:**

A common idea in microeconomics is that of “rational expectations”—that is, we expect individuals to make self-interest, among other things. But the economic theory is chiefly about (perfectly) rational expectations. Organizational behavior is about (less-than-perfectly) rational expectations. Complementing the former with the latter often best explains the behavior we observe in organizations. This includes the largest, most profit-maximizing organizations and local, church charity organizations.

**LDC – Macroeconomics:**

1. Define and calculate GDP. Understand the difference between real and nominal variables (e.g., GDP, wages, and interest rates) and know how to construct a price index.
2. Explain the role of capital investment, education, and technology in determining economic growth.
3. Explain the importance of institutions, including private property rights, in long-run economic growth.
4. Explain that interest rates are determined in a market for loanable funds.
5. Explain what factors determine the level of unemployment.
6. Explain how the Federal Reserve and the banking system create money (i.e., the supply of money). Explain the factors that affect the demand for money.
7. Know the equation of exchange and the connection between money and inflation.
8. Explain how slow price adjustments might affect the short-run response of the economy to economic shocks.
9. Explain the strategy behind government policies to stabilize the economy and the specific role of the Federal Reserve.
10. Explain why a merchandise trade deficit is offset by capital flows and investment in debtor countries.

**Use in Management:**

(tbd)

**Use in Organizational Behavior:**

(tbd)

**LDC – Financial Accounting (11 topics):**

1. Define and articulate the three basic financial statements.
2. Identify the usefulness and relevance of the three basic financial statements.
3. Know the basic concepts underlying financial reporting (e.g., consistency, verifiability, ...)
4. Know how to record and read a simple business transaction relative the basic accounting question.
5. Compute cash flow and GAAP income on a set of transactions.
6. Know the different measurement concepts or valuation basis for Assets, Liabilities, Owners Equity and Income.
7. Compute the time value of money.
8. Understand the timing of revenue and expense recognition.
9. Define and compute liquidity, solvency, and profitability ratios.
10. Differentiate between the various forms of business ownership.
11. Define and calculate depreciation and amortization.

**Use in Management:**

The predictable and explainable recording of transactions is the “language of business.” This task often consumes a good deal of time for an entry-level professional in many different business/economics fields. More important, reliable and valid accounting practices are at the root of the entire financial services sector.

**Use in Organizational Behavior:**

As a manager, one of the best reasons to understand accounting practices is that while you may not necessarily “do” accounting (a myth in itself), you will in all likelihood be briefed by individuals who do indeed “do” accounting. You cannot risk being fooled, either deliberately or more likely, inadvertently, on any issue related to the (increasingly complex and intertwined) financial matters in an organization. So your task is deeply grounded in all aspects of fiscal matters, including calculations, adjustments, best practices, and reporting procedures.

**LDC – Management Accounting (8 topics):**

1. Identify and be able to provide an explanation of the key differences between financial accounting and management accounting.
2. Define and understand the various meanings of the term cost. Be able to correctly classify cost into major categories such as product cost, period cost, fixed cost, variable cost, direct cost, indirect cost, opportunity cost, etc..
3. Be able to accumulate costs for a variety of “cost objects” such as product, service, activity, program, or organizational unit, time period, etc.. Explain overhead allocations using single plant wide rates, departmental rates, and activity cost pool rates. Calculate and know how to dispose of over and under absorbed (applied) overhead.
4. Compute breakeven point in units and in dollars for a single product. Know the related concepts of cost variability, contribution margin, (both in unit and as a ratio), and a safety margin.
5. Know how to prepare a master budget and a simple set of operation budgets for sales, inventory, expenses, cash collections, and cash payments.
6. Know how to distinguish a capital expenditure from a recurring expense and how to analyze the desirability of a capital expenditure using present value analysis.
7. Understand, apply, and explain the concept of different costs for different purposes, such as product costing and inventory valuation, income measurement, short-term decisions, cost control, and long-term decisions such as make or buy or discontinue products.
8. Know how to use cost data in decision-making, including what is relevant and what is not.

**Use in Management:**

Computers have “automated” many aspects of the operational aspects of financial accounting. But management accounting requires deeper judgment. Management accounting requires an exquisite knowledge of organization, including each step involved in making a good or service. Management accountants have a passion for articulating cost structures, especially on an activity-by-activity basis.

**Use in Organizational Behavior:**

As a manager, your “budget” is your most important tool. It is the guidepost, the evaluation mechanism, and often, your central fiscal responsibility. At particular times of the year, much of the workday for the manager of an organizational unit may entail either reconciling “last year’s” budget or preparing “next year’s budget. In some ways, management accounting builds upon fundamentals in statistics. Or put differently, management accounting can be less rigorous but more relevant than statistics (alone).

## **LDC – Business Communication:**

### **BUS 105. BUSINESS COMMUNICATION (3)**

Presentation of concepts and techniques for developing oral and written communications skills adapted to business situations across the functional areas. Emphasizes methods for listening, reading and comprehending; paraphrasing/summarizing information, distinguishing between facts, assumptions, and opinions; responding appropriately in a clear concise fashion; synthesizing from different sources, organizing information to support conclusions, using an appropriate format and business writing style while applying conventions of standard English; and documenting sources to avoid plagiarism. Use of frequent writing assignments designed to improve writing and editing skills.

**(recall that these comments are the instructor’s perspective *only*)**

1. Demonstrate proficiency in the spelling and grammar of the English language and common English errors in business writing.
2. Demonstrate proficiency with regards to the bibliographic formats for the formal citation of sources, including Internet sources.
3. Understand the purpose of a topic sentence and the role of logic and prose in sentence structure.
4. Demonstrate proficiency in speaking and writing clearly, especially within the context of a complex organizational situation.
5. Understand the unique characteristics of the writing mechanism, for example email messages, and the ramifications of which for successful management writing.
6. Understand the theory and practice of active listening.
7. Distinguish between the principles of syntax and the principles of semantics in business communication.
8. Understand the cross-cultural challenges and opportunities of business writing.
9. Understand the functions of expository and persuasive oral presentation.
10. Distinguish between the principles of syntax and the principles of semantics in business communication.

### **Use in Management:**

(tbd).

### **Use in Organizational Behavior:**

(tbd).



## **LDC – Introduction to Computers:**

### **COMP 100. COMPUTERS: THEIR IMPACT AND USE (3)**

Introduction to the uses, concepts, techniques, and terminology of computing. Places the possibilities and problems of computer use in historical, economic, and social contexts. Shows how computers can assist in a wide range of personal, commercial, and organizational activities. Typical computer applications, including word processing, spreadsheets, and databases.

**(derived from Prof. Lucy Parker’s “traditional” syllabus for Spring, 2006)**

**See: <http://www.csun.edu/~lparker/syllabus06.doc>**

1. Demonstrate knowledge and understanding of basic computer concepts such as computer hardware, software, architecture, networks, ethics, security, and the Internet..
2. Demonstrate file management techniques in the MS Windows environment.
3. Demonstrate skills related to email use.
4. Demonstrate skills involved in web-based research.
5. Demonstrate working knowledge of word processing with MS Word.
6. Demonstrate working knowledge of spreadsheets with MS Excel.
7. Demonstrate working knowledge of database management with MS Access.
8. Prepare a presentation with MS PowerPoint.
9. Identify and apply behaviors leading to individual well being and development.
10. Identify and apply behaviors leading to community well being and development.
11. Describe the roles of science and technology; apply them in daily life situations at the individual and/or community levels.

### **Use in Management:**

Organizations manage roles differently. For example, architecture is different than engineering which is different still from construction. While on the computer, these tasks seem fluid, in practice, the goals and activities of each are very different, both on and off the computer. Also, different technologies “diffuse” at different rates—this needs to be managed in a very careful way, especially because diffusion involves change.

### **Use in Organizational Behavior:**

Managers are isolationists, but need to be highly-proficient with information systems and technologies. Managers don’t want to be “functionally dependent” on others to the degree that future decision-making is negatively impacted. “Information competence” is a key operational component of “decision making.” Probably no larger information issue matters in behavior more than that of the ethical and legal dimensions of computing.