

Chapter 15

1) By definition, open systems

- A) provide an open forum for interest groups.
- B) provide easy information access to outsiders.
- C) have no barriers against membership.
- D) interact with their environments.
- E) All of the above.

Answer: D

Page Ref: 518

Skill: Recall

2) A regulatory agency is most likely a part of which environmental component faced by a business firm?

- A) Supplier component
- B) Social/political component
- C) Competitor component
- D) Technological component
- E) Customer component

Answer: B

Page Ref: 519

Skill: Applied

3) Which of the following statements concerning the external environment is true?

- A) Different parts of an organization will often be concerned with different components of its environment.
- B) Different interest groups seldom make conflicting demands on organizations.
- C) Different interest groups use identical criteria to evaluate organizational effectiveness.
- D) The smaller an organization, the more control it is likely to have over its environment.
- E) Customers, suppliers and employees are all components of an organization's external environment.

Answer: A

Page Ref: 521

Skill: Recall

4) The organization that has adopted CAD

- A) relies extensively upon a mediating technology.
- B) uses advanced accounting principles to aid management decisions.
- C) effectively maintains the traditional role differences between designers, engineers and drawing technicians.
- D) is vertically integrated.
- E) makes extensive use of computers in designing its products.

Answer: E

Page Ref: 538

Skill: Applied

- 5) As defined and described in the text, interest groups do not
- A) have some vested interest in how an organization is managed.
 - B) exist within an organization's environment.
 - C) have different criteria for evaluating organizational effectiveness.
 - D) exist within an organization.
 - E) make competing demands on an organization.

Answer: D

Page Ref: 520

Skill: Recall

- 6) The components of a highly dynamic environment
- A) contain a large number of dissimilar factors that affect an organization.
 - B) remain fairly stable over time.
 - C) are in a constant state of unpredictable and irregular change.
 - D) are in a static state of unpredictable complexity.
 - E) are in a constant state of cyclical change.

Answer: C

Page Ref: 522

Skill: Recall

- 7) Other things equal, which of the following organizational environments is most uncertain?
- A) Simple and static
 - B) Complex and static
 - C) Static and dynamic
 - D) Simple and dynamic
 - E) Complex and dynamic

Answer: E

Page Ref: 522

Skill: Applied

- 8) What is the relationship between resource dependence and environmental uncertainty?
- A) Uncertainty causes dependence.
 - B) More uncertainty is correlated with more dependence.
 - C) They mean precisely the same thing.
 - D) Less uncertainty is correlated with more dependence.
 - E) They are fairly independent concepts.

Answer: E

Page Ref: 523

Skill: Applied

- 9) Other factors equal, which of the following organizational characteristics suggests that an organic structure should be adopted?
- A) Routine technology
 - B) Uncertain environment
 - C) Undifferentiated market
 - D) Static environment
 - E) Mass technology

Answer: B

Page Ref: 527

Skill: Applied

10) Which of the following is an example of a director interlock?

- A) Jane is on the board of Ajax Company and her husband Sam is on the board of Acme Company.
- B) Jane is on the boards of Ajax Company and Acme Company.
- C) Jane is on the board of Ajax Company and she owns shares in Acme Company.
- D) Jane is on the board of Ajax Company and Sam is on the board of Acme Company. Ajax and Acme are in the same industry.
- E) Jane and Sam are both directors of Ajax Company.

Answer: B

Page Ref: 531

Skill: Applied

11) I'm on the board of directors of Vulcan Inc., and you are on the board of directors of Zeus Ltd. What are the minimum conditions to claim that an interlock of directors exists here?

- A) Vulcan and Zeus are in the same industry.
- B) You are also on the Vulcan board, and I am also on the Zeus board.
- C) You also own shares in Vulcan Inc.
- D) You are also on the Vulcan board.
- E) You and I are very good friends.

Answer: D

Page Ref: 531

Skill: Applied

12) Which of the following is an example of vertical integration?

- A) A hotel chain adds a level to its organizational structure.
- B) A diamond mine starts to market diamond rings.
- C) A diamond mine improves its labour/management relations.
- D) A hotel chain buys a diamond mine.
- E) A hotel chain restructures so that its regional managers now report to the director of operations.

Answer: B

Page Ref: 528

Skill: Applied

13) Theoretically, which combination of technological characteristics requires the most organic structure?

- A) Nonroutine; low interdependence
- B) Nonroutine; high interdependence
- C) Routine; high interdependence
- D) Routine; mediating
- E) Routine; low interdependence

Answer: B

Page Ref: 535

Skill: Applied

14) Which form of technological interdependence poses the greatest coordination, communication, and decision-making problems?

- A) Sequential
- B) Low
- C) Pooled
- D) Vertical
- E) Reciprocal

Answer: E

Page Ref: 535

Skill: Recall

15) Which technology poses the greatest problems of coordination, communication, and decision-making?

- A) Vertical
- B) Intensive
- C) Mass
- D) Long-linked
- E) Mediating

Answer: B

Page Ref: 535

Skill: Recall

16) Which technology will perform best under a mechanistic structure?

- A) Mass
- B) Intensive
- C) Process
- D) Unit
- E) Nonroutine

Answer: A

Page Ref: 536

Skill: Applied

17) Strategy formulation follows directly from

- A) organizational effectiveness.
- B) the objective environment.
- C) the perceived environment.
- D) strategy implementation.
- E) managerial experience and personality.

Answer: C

Page Ref: 524

Skill: Recall

18) In the text, organizational structure, degree of vertical integration, and the composition of a board of directors were examples of

- A) strategy implementation.
- B) strategy formulation.
- C) organizational effectiveness.
- D) the perceived organizational environment.
- E) the objective organizational environment.

Answer: A

Page Ref: 524

Skill: Applied

19) What strategic reason might prompt an organization in one industry to acquire a firm in a completely different industry?

- A) To reduce differentiation
- B) To reduce competition
- C) To obtain a flatter structure
- D) To reduce resource dependence
- E) To increase environmental uncertainty

Answer: D

Page Ref: 529

Skill: Applied

20) Which of the following is an example of vertical integration?

- A) A steel company removes two levels from its organizational hierarchy.
- B) Two banks agree to merge.
- C) Zeke is on the boards of directors of an oil exploration company and a gasoline retailer.
- D) An automobile company introduces computer aided design.
- E) A newsprint manufacturer owns a forestry company.

Answer: E

Page Ref: 528

Skill: Applied

21) The Lawrence and Lorsch study is important because

- A) it demonstrated how structure generally determines strategy.
- B) it proved that organic structures are superior to mechanistic structures.
- C) it demonstrated a close connection between environment, structure, and effectiveness.
- D) it proved that mechanistic structures are superior to organic structures.
- E) it demonstrated a close connection between human relations and physical technology.

Answer: C

Page Ref: 527

Skill: Recall

22) In the Lawrence and Lorsch study, the most successful container manufacturing firms adopted mechanistic structures because

- A) they faced a fairly certain environment and were highly undifferentiated.
- B) decision-making power was already decentralized to be where the appropriate knowledge existed.
- C) their managers felt that this was the most sensible way to deal with an uncertain environment and high differentiation.
- D) organic structures were too costly to implement.
- E) they utilized nonroutine and intensive technologies.

Answer: A

Page Ref: 527

Skill: Recall

- 23) Which of the following would not be classed as a strategic alliance?
- A) Company A buys company B.
 - B) Company A engages in a joint venture with company B.
 - C) Company A enters into a close arrangement with its unique supplier, company B.
 - D) Company A enters into a research consortium with company B.
 - E) Company A enters into a close arrangement with the union representing its workers.

Answer: A

Page Ref: 530

Skill: Applied

- 24) By definition, a strategic alliance would not occur between
- A) a company and a union.
 - B) two departments in the same company.
 - C) a company and one of its suppliers.
 - D) two competing organizations.
 - E) three companies who combine efforts to support common research goals.

Answer: B

Page Ref: 530

Skill: Applied

- 25) A jewelry company buys a gold mine. This is an example of
- A) interlocking interdependence.
 - B) vertical integration.
 - C) pooled interdependence.
 - D) a strategic alliance.
 - E) reciprocal interdependence.

Answer: B

Page Ref: 528

Skill: Applied

- 26) Which of the following is an example of a strategic alliance?
- A) Bloggs Corporation and Sigma Limited join an R&D consortium.
 - B) Bloggs Corporation merges with Sigma Limited.
 - C) Bloggs Corporation acquires Sigma Limited.
 - D) Bloggs Corporation vertically integrates.
 - E) Bloggs Corporation and Sigma Limited have interlocking directorates.

Answer: A

Page Ref: 530

Skill: Applied

- 27) Which of the following technologies is characterized by many exceptions which are easy to analyze?
- A) Craft technology
 - B) Intensive
 - C) Routine technology
 - D) Engineering technology
 - E) Nonroutine technology

Answer: D

Page Ref: 533

Skill: Recall

- 28) Which of the following statements concerning technologies is false?
- A) Craft technologies typically deal with fairly standard inputs and outputs.
 - B) Technology becomes less routine as exceptions increase.
 - C) Technology becomes less routine as problems become more difficult to analyze.
 - D) Intensive technologies operate under reciprocal interdependence.
 - E) An assembly line operation is an example of engineering technology.

Answer: E

Page Ref: 533

Skill: Applied

- 29) Which is the best example of pooled interdependence?

- A) A surgical team
- B) An assembly line
- C) An insurance claims department
- D) A taxi company
- E) A baseball team

Answer: D

Page Ref: 534

Skill: Applied

- 30) According to Joan Woodward's findings, which technology has the smoothest production process and the most impersonal task requirements?

- A) Mass
- B) Mediating
- C) Unit
- D) Process
- E) Nonroutine

Answer: D

Page Ref: 535

Skill: Recall

- 31) According to Joan Woodward's findings, which technologies successfully rely on organic structures?

- A) Mass and unit
- B) Mediating and mass
- C) Process and mass
- D) Mediating and long-linked
- E) Unit and process

Answer: E

Page Ref: 536

Skill: Recall

- 32) A tailor shop that sews its suits to customer specifications has which kind of technology?

- A) Process
- B) Mass
- C) Long-linked
- D) Batch
- E) Unit

Answer: E

Page Ref: 535

Skill: Applied

33) Which organization is likely to have an extremely mechanistic structure?

- A) One of Lawrence and Lorch's successful plastic firms.
- B) One that uses unit or process production in an uncertain environment.
- C) Ford's Oakville Assembly Complex.
- D) One that employs extensive advanced technology.
- E) A mass production firm in a very certain environment.

Answer: E

Page Ref: 535

Skill: Applied

34) The "two faces" of advanced information technology refers to

- A) the idea that some people are very comfortable with technology while others don't adapt well to it.
- B) the idea that the availability of too much information can result in reduced performance.
- C) hardware and software.
- D) the idea that the same technology can have opposite effects depending upon how it is applied.
- E) manufacturing technology and office technology.

Answer: D

Page Ref: 537

Skill: Recall

35) Which is the best example of sequential interdependence?

- A) The ties between branch outlets of a retail store
- B) A hockey team
- C) The ties between branches offices of a bank
- D) Any technology that requires a highly organic structure
- E) An automobile assembly line

Answer: E

Page Ref: 534

Skill: Applied

36) Other things equal, more _____ technologies call for more _____ structures.

- A) nonroutine; mechanistic
- B) intensive; organic
- C) interdependent; mechanistic
- D) routine; organic
- E) advanced; mechanistic

Answer: B

Page Ref: 534

Skill: Applied

37) According to Joan Woodward's findings, which technologies successfully rely on mechanistic structures?

- A) Unit
- B) Process
- C) Mass
- D) Mass and process
- E) Process and unit

Answer: C

Page Ref: 536

Skill: Recall

38) Enriched jobs and self-managed work teams are usually prescribed for _____ technology.

- A) advanced manufacturing
- B) pooled
- C) routine
- D) mediating
- E) mass

Answer: A

Page Ref: 540

Skill: Recall

39) Copying another firm's management practices is an example of which strategic response?

- A) Interlocking directorate
- B) Strategic alliance
- C) Establishment of legitimacy
- D) Vertical integration
- E) Acquisition

Answer: C

Page Ref: 531

Skill: Applied

40) Advanced information technology has the capacity to _____ an organization.

- A) decentralize
- B) centralize
- C) reduce the need for integration in
- D) centralize or decentralize
- E) neither centralize nor decentralize

Answer: D

Page Ref: 539

Skill: Recall

41) When properly implemented, advanced technologies often call for

- A) less financial commitment.
- B) less tall structures.
- C) less enriched jobs.
- D) less teamwork.
- E) less communication.

Answer: B

Page Ref: 539

Skill: Recall

42) Which characteristic of advanced manufacturing technology permits the exploitation of short-term market niches?

- A) Customer orientation
- B) Job simplification
- C) Flexibility
- D) Reliability
- E) Differentiated structure

Answer: C

Page Ref: 538

Skill: Applied

- 43) The application of advanced office technology is generally expected to lead to _____.
- A) flatter organizational structures
 - B) an increase in middle management positions
 - C) taller organizational structures
 - D) more centralized decision making
 - E) advanced manufacturing technology

Answer: A

Page Ref: 541

Skill: Applied

- 44) At what point in the relationship between the environment and strategy does managerial experience and personality play a role?
- A) between perceived environment and strategy implementation
 - B) between the objective environment and the perceived environment
 - C) between strategy formulation and strategy implementation
 - D) between perceived environment and strategy formulation
 - E) between strategy implementation and organizational effectiveness

Answer: B

Page Ref: 524

Skill: Recall

- 45) What comprises the basis for strategy formulation?
- A) managerial objectives
 - B) objective environment
 - C) managerial personality
 - D) managerial experience
 - E) perceived environment

Answer: B

Page Ref: 524

Skill: Recall

- 46) Research on the environment, structure, and effectiveness has found that
- A) mature organizations and new ventures with a more mechanistic structure are most effective
 - B) mature organizations with a more organic structure and new ventures with a more mechanistic structure are most effective
 - C) mature organizations with a more organic structure and new ventures with a either a mechanistic or organic structure are most effective
 - D) mature organizations and new ventures with a more organic structure are most effective
 - E) mature organizations with a more mechanistic structure and new ventures with a more organic structure are most effective

Answer: B

Page Ref: 527

Skill: Recall

47) After graduating from university, Joan is planning to start her own business. She wants to have her own chain of coffee bars. But that's not all. She plans to import, roast, and package her own brand of coffee. What is this a good example of?

- A) open systems
- B) strategy
- C) resource dependence
- D) vertical integration
- E) establishing legitimacy

Answer: D

Page Ref: 528

Skill: Applied

48) A network organization is a good example of

- A) a strategic alliance
- B) establishing legitimacy
- C) vertical integration
- D) interlocking directorate
- E) a merger or acquisition

Answer: A

Page Ref: 530

Skill: Recall

49) When are strategic alliances most successful?

- A) when the organizations in question have been involved in other strategic alliances
- B) when they are between newly formed organizations
- C) when there is a director of strategic alliances with his/her own staff and resources
- D) when they are among competitors
- E) when they are among customers and suppliers

Answer: C

Page Ref: 530

Skill: Recall

50) What strategic response helped WestJet get off the ground in its formative year?

- A) vertical integration
- B) establishing legitimacy
- C) interlocking directorates
- D) mergers and acquisitions
- E) organizational structure

Answer: B

Page Ref: 531

Skill: Recall

51) What is the most common way of achieving legitimacy?

- A) do good deeds in the community
- B) Engage in corporate philanthropy and various charity activities.
- C) imitate management practices that other firms have institutionalized
- D) make very visible responses to social trends and legal legislation
- E) association with higher status individuals or organizations

Answer: C

Page Ref: 532

Skill: Recall

- 52) Who was interested in the routineness of the transformation task that confronts the department or organization?
- A) Woodward
 - B) Perrow
 - C) Lawrence and Lorsch
 - D) Thompson
 - E) Thompson and Perrow

Answer: B

Page Ref: 533

Skill: Recall

- 53) Who was interested in the way in which activities are sequenced or "put together" during the transformation process?
- A) Thompson
 - B) Woodward
 - C) Woodward and Thompson
 - D) Lawrence and Lorsch
 - E) Perrow

Answer: A

Page Ref: 534

Skill: Recall

- 54) Who conducted the most famous study of the relationship between technology and structure?
- A) Thompson
 - B) Woodward
 - C) Lawrence and Lorsch
 - D) Perrow
 - E) Zweig and Webster

Answer: B

Page Ref: 535

Skill: Recall

- 55) Technological routiness is a function of
- A) rate of change and problems
 - B) rate of change and complexity
 - C) exceptions and interdependence
 - D) exceptions and problems
 - E) exceptions and complexity

Answer: D

Page Ref: 533

Skill: Recall

- 56) Which is the correct ordering of Perrow's four technological classifications from most routine to least routine?
- A) routine, nonroutine, craft, engineering
 - B) routine, engineering, nonroutine, craft
 - C) routine, engineering, craft, nonroutine
 - D) routine, craft, engineering, nonroutine
 - E) routine, nonroutine, engineering, craft

Answer: C

Page Ref: 533

Skill: Applied

- 57) According to Woodward, which of the following reflects increasing smoothness of production and increasing impersonalization of task requirements?
- A) unit, process, mass
 - B) unit, mass, process
 - C) process, unit, mass
 - D) process, mass, unit
 - E) mass, unit, process

Answer: B

Page Ref: 535

Skill: Recall

- 58) Which of the following does Woodward's mass technology incorporate aspects of?
- A) Perrow's engineering technology and Thompson's long-linked technology
 - B) Perrow's routine technology and Thompson's mediating technology
 - C) Perrow's routine technology and Thompson's long-linked technology
 - D) Perrow's nonroutine technology and Thompson's long-linked technology
 - E) Perrow's engineering technology and Thompson's mediating technology

Answer: C

Page Ref: 535

Skill: Recall

- 59) Which of the following does Woodward's unit technology incorporate aspects of?
- A) Perrow's craft and engineering technologies and Thompson's intensive technology
 - B) Perrow's craft technology and Thompson's intensive technology
 - C) Perrow's engineering technology and Thompson's intensive technology
 - D) Perrow's craft and engineering technologies and Thompson's long-linked technology
 - E) Perrow's craft and engineering technologies

Answer: A

Page Ref: 535

Skill: Recall

- 60) Mutual adjustment and an organic structure are required by
- A) routine technologies
 - B) mass production
 - C) intensive technologies
 - D) long-linked technologies
 - E) mediating technologies

Answer: C

Page Ref: 536

Skill: Recall

- 61) Research on Woodward's production processes found that successful firms that relied on organic structures had what kind of technology?
- A) unit and process
 - B) unit and mass
 - C) mass
 - D) unit
 - E) process

Answer: A

Page Ref: 536

Skill: Recall

62) Research on Woodward's production processes found that successful firms that relied on mechanistic structures had what kind of technology?

- A) unit
- B) unit and mass
- C) mass and process
- D) process
- E) mass

Answer: E

Page Ref: 536

Skill: Recall

63) Whose research is considered to be a landmark in demonstrating the general proposition that structure must be tailored to the technology that the organization adopts to achieve its strategic goals?

- A) Lawrence and Lorsch
- B) Woodward
- C) Perrow
- D) Zweig and Webster
- E) Thompson

Answer: B

Page Ref: 536

Skill: Recall

64) Woodward's research is considered to be a landmark in demonstrating which proposition?

- A) technology must be tailored to the structure the organization adopts to achieve its strategic goals
- B) strategy must be tailored to the structure the organization adopts to achieve its technological goals
- C) technology must be tailored to the strategy the organization adopts to achieve its structural goals
- D) structure must be tailored to the technology the organization adopts to achieve its strategic goals
- E) structure must be tailored to the strategy the organization adopts to achieve its technological goals

Answer: D

Page Ref: 536

Skill: Recall

65) What is the meaning of the "flexibility" of information technology?

- A) different types of technologies can be used depending on organization structure and job design
- B) it is not deterministic of a particular organization structure or job design
- C) it can be used for any organization structure or job design
- D) organizations can use it for both organization structure and job design
- E) information technology can be used for different organization structures and job designs

Answer: B

Page Ref: 537

Skill: Recall

66) Which of the following best represents the environmental and strategic concerns that have stimulated the adoption of advanced office technology?

- A) flexibility, responsiveness, improved decision making
- B) labour saving, flexibility, improved decision making
- C) labour saving, integration, improved decision making
- D) labour saving, responsiveness, improved decision making
- E) labour saving, flexibility, integration

Answer: D

Page Ref: 540

Skill: Recall

67) According to Joan Woodward's findings, mass technologies and process technologies operate best under organic structures while unit technologies operate best under mechanistic structures.

Answer: True ☒ False

Page Ref: 536

Skill: Applied

68) An interlocking directorate exists when one person serves on two or more boards of directors.

Answer: ☒ True ☐ False

Page Ref: 531

Skill: Recall

69) Mediating technologies operate under reciprocal interdependence.

Answer: True ☒ False

Page Ref: 534

Skill: Recall

70) Mass technologies are generally sequentially interdependent.

Answer: ☒ True ☐ False

Page Ref: 534

Skill: Recall

71) Advanced manufacturing technologies call for simpler jobs and taller structures.

Answer: True ☒ False

Page Ref: 539

Skill: Applied

72) Lawrence and Lorsch's research showed that successful container manufacturing firms had a more differentiated structure than successful plastics firms.

Answer: True ☒ False

Page Ref: 527

Skill: Recall

73) Both uncertain environments and routine technologies call for more organic structures.

Answer: True ☒ False

Page Ref: 535

Skill: Applied

74) According to James Thompson, long-linked technologies are less interdependent than intensive technologies and more interdependent than mediating technologies.

Answer: ☒ True ☐ False

Page Ref: 534

Skill: Applied

75) The most uncertain environments are complex and dynamic.

Answer: ☒ True ☐ False

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Skill: Applied

76) Under normal circumstances, strategy formulation precedes strategy implementation.

Answer: ☒ True ☐ False

Page Ref: 524

Skill: Applied

77) Vertical integration refers to good communication between the levels of an organizational hierarchy.

Answer: ☐ True ☒ False

Page Ref: 528

Skill: Recall

78) Mergers and acquisitions are examples of strategy implementation.

Answer: ☒ True ☐ False

Page Ref: 529

Skill: Recall

79) Advanced technologies almost always result in less enriched jobs.

Answer: ☐ True ☒ False

Page Ref: 540

Skill: Recall

80) Resource dependency and environmental uncertainty mean the same thing.

Answer: ☐ True ☒ False

Page Ref: 523

Skill: Recall

81) A merger between two organizations is a good example of a strategic alliance.

Answer: ☐ True ☒ False

Page Ref: 529

Skill: Applied

82) An assembly line is an example of long-linked technology.

Answer: ☒ True ☐ False

Page Ref: 534

Skill: Applied

- 83) In the Lawrence and Lorsch study, successful plastics firms had adopted organic structures and successful container firms had adopted mechanistic structures.
Answer: ☒ True False
Page Ref: 527
Skill: Applied
- 84) The acquisition of one firm by another could be an example of vertical integration but not an example of a strategic alliance.
Answer: ☒ True False
Page Ref: 528
Skill: Applied
- 85) The "two faces" of advanced information technology refer to office technology and manufacturing technology.
Answer: True ☒ False
Page Ref: 537
Skill: Recall
- 86) It is frequently proposed that advanced office technology leads to taller organizational structures.
Answer: True ☒ False
Page Ref: 541
Skill: Recall
- 87) It is the flexibility of advanced manufacturing technology that permits the exploitation of short term market niches.
Answer: ☒ True False
Page Ref: 538
Skill: Applied
- 88) Advanced information technology can be used to either centralize or decentralize an organization.
Answer: ☒ True False
Page Ref: 539
Skill: Applied
- 89) The Wimpole Corporation hopes to reduce the development time for its new products. To do this, it might consider adopting a taller, less organic structure.
Answer: True ☒ False
Page Ref: 535
Skill: Applied
- 90) Horace Telfarb is on the board of directors of four corporations. This is an example of an interlocking directorate.
Answer: ☒ True False
Page Ref: 531
Skill: Applied
- 91) According to James Thompson, intensive technologies prompt reciprocal interdependence that is best achieved with an organic structure.
Answer: ☒ True False
Page Ref: 536
Skill: Recall

92) Environmental uncertainty and resource dependence are highly correlated—the more uncertain the environment, the more the firms facing this uncertainty are resource dependent.

Answer: True ☒ False

Page Ref: 523

Skill: Applied

93) Strategy formulation is defined in the text as the process of adopting a particular organizational structure.

Answer: True ☒ False

Page Ref: 524

Skill: Recall

94) A paper manufacturer owns a forestry company. This is an example of vertical integration.

Answer: ☒ True ☐ False

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Skill: Applied

95) The concept of resource dependence shows how organizations are totally at the mercy of their environments.

Answer: True ☒ False

Page Ref: 523

Skill: Recall

96) Much of the impact that the environment has on organizations is indirect rather than direct.

Answer: True ☒ False

Page Ref: 524

Skill: Recall

97) The objective environment comprises the basis for strategy formulation.

Answer: True ☒ False

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Skill: Recall

98) Strategy always determines structure.

Answer: True ☒ False

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Skill: Recall

99) Almost all strategic alliances fail.

Answer: True ☒ False

Page Ref: 530

Skill: Recall

100) Major oil companies are highly vertically integrated.

Answer: ☒ True ☐ False

Page Ref: 528

Skill: Recall

101) The most common way of achieving legitimacy is by association with higher status individuals or organizations.

Answer: ☐ True ☒ False

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Skill: Recall

102) Organizations choose their technologies.

Answer: ☒ True ☐ False

Page Ref: 532

Skill: Recall

103) Different parts of the organization rely on the same technologies.

Answer: ☐ True ☒ False

Page Ref: 532

Skill: Recall

104) The most common way of achieving legitimacy is to be seen as doing good deeds in the community.

Answer: ☐ True ☒ False

Page Ref: 531

Skill: Recall

105) Thompson was interested in the routineness of the transformation task that confronts various technologies.

Answer: ☐ True ☒ False

Page Ref: 533

Skill: Recall

106) Lawrence and Lorsch conducted the most famous study on the relationship between technology and structure.

Answer: ☐ True ☒ False

Page Ref: 535

Skill: Recall

107) The technology becomes more routine as exceptions increase.

Answer: ☐ True ☒ False

Page Ref: 533

Skill: Recall

108) The technology becomes less routine as problems become more difficult to analyze.

Answer: ☒ True ☐ False

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Skill: Recall

109) Mediating technologies operate under pooled interdependence.

Answer: ☒ True ☐ False

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Skill: Recall

110) A taxi company is an example of pooled interdependence.

Answer: ☒ True ☐ False

Page Ref: 534

Skill: Recall

111) Mass production assembly lines are the classic example of mediating technologies.

Answer: True ☒ False

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Skill: Recall

112) Research has supported the notion that more routine technologies adopt more mechanistic structures.

Answer: ☒ True ☐ False

Page Ref: 536

Skill: Recall

113) Information technology determines organizational structure.

Answer: True ☒ False

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Skill: Recall

114) Information technology determines job design.

Answer: True ☒ False

Page Ref: 537

Skill: Recall

115) The process by which top executives seek to cope with the constraints and opportunities posed by an organization's environment is called _____.

Answer: strategy

Page Ref: 524

Skill: Recall

116) _____ are various kinds of actively cooperative relationships between legally separate organizations.

Answer: Strategic alliances

Page Ref: 530

Skill: Recall

117) _____ includes the activities, equipment, and knowledge necessary to turn organizational inputs into desired outputs.

Answer: Technology

Page Ref: 532

Skill: Recall

118) When one person serves on two or more boards of directors a(n) _____ exists.

Answer: interlocking directorate

Page Ref: 531

Skill: Recall

119) In terms of J.D. Thompson's classification a taxi company is an example of _____ interdependence.

Answer: pooled

Page Ref: 534

Skill: Applied

- 120) An assembly line is an excellent example of Thompson's _____ interdependence.
Answer: sequential
Page Ref: 534
Skill: Applied
- 121) Joan Woodward's research showed that unit and process technologies called for _____ organizational structures.
Answer: organic
Page Ref: 536
Skill: Recall
- 122) The most _____ environment is complex and dynamic.
Answer: uncertain
Page Ref: 522
Skill: Recall
- 123) Taking formal control of sources of supply and distribution to strategically manage the environment is called _____.
Answer: vertical integration
Page Ref: 528
Skill: Recall
- 124) The "two faces" of technology means that a given form of advanced information technology can have _____ effects depending upon its application.
Answer: opposite or very different
Page Ref: 537
Skill: Recall
- 125) _____ systems take inputs from the external environment, transform some of these inputs, and send them back into the environment as outputs.
Answer: Open
Page Ref: 518
Skill: Recall
- 126) The development of an association with a higher status organization is a good way for an organization to develop _____.
Answer: legitimacy
Page Ref: 531
Skill: Applied
- 127) In the Lawrence and Lorsch study the most effective container firms had _____ organizational structures.
Answer: mechanistic
Page Ref: 427
Skill: Recall
- 128) According to Joan Woodward's research, mass production technologies were most effective under _____ organizational structures.
Answer: mechanistic
Page Ref: 536
Skill: Recall

- 129) Because advanced information technology is so _____ it can lead either to a more or a less centralized organization.
Answer: flexible
Page Ref: 537
Skill: Recall
- 130) Organizations often use vertical integration to reduce _____ dependence.
Answer: resource
Page Ref: 528
Skill: Applied
- 131) The conditions for an interlocking directorate exist when one director serves on _____.
Answer: two or more boards
Page Ref: 531
Skill: Recall
- 132) Speaking generally, more uncertain organizational environments require more _____ organizational structures.
Answer: organic
Page Ref: 527
Skill: Applied
- 133) In the Lawrence and Lorsch study managerial goals and time spans varied such that the plastics firms were more highly _____ than the container firms.
Answer: differentiated
Page Ref: 527
Skill: Applied
- 134) Parties or organizations other than direct competitors that have some vested interest in how an organization is managed are called _____.
Answer: interest groups
Page Ref: 520
Skill: Recall
- 135) Events in various components of the environment provide both _____ and opportunities for organizations.
Answer: constraints
Page Ref: 521
Skill: Recall
- 136) Environmental uncertainty exists when an organizations is vague, difficult to diagnose, and _____.
Answer: unpredictable
Page Ref: 521
Skill: Recall
- 137) Uncertainty depends on the environment's _____ and rate of change.
Answer: complexity
Page Ref: 521
Skill: Recall

- 138) _____ is the process by which top executives seek to cope with the constraints and opportunities posed by an organization's environment.
Answer: Strategy
Page Ref: 524
Skill: Recall
- 139) According to Perrow, the key factor that differentiates various technologies is the _____ of the transformation task that confronts the department or organization.
Answer: routineness
Page Ref: 533
Skill: Recall
- 140) The most common way of achieving legitimacy is to imitate management practices that other firms have _____.
Answer: institutionalized
Page Ref: 532
Skill: Recall
- 141) According to _____, the key factor that differentiates various technologies is the routineness of the transformation task that confronts the department or organization.
Answer: Perrow
Page Ref: 533
Skill: Recall
- 142) Technological routiness is a function of _____ and problems.
Answer: exceptions
Page Ref: 533
Skill: Recall
- 143) The technology becomes less _____ as exceptions increase.
Answer: routine
Page Ref: 533
Skill: Recall
- 144) The technology becomes less routine as _____ become more difficult to analyze.
Answer: problems
Page Ref: 533
Skill: Recall
- 145) As technologies become increasingly _____, problems of coordination, communication, and decision making increase.
Answer: interdependent
Page Ref: 535
Skill: Recall
- 146) The _____ of information technology means that it is not deterministic of a particular organization structure or job design.
Answer: flexibility
Page Ref: 537
Skill: Recall

147) What are the main components of an organization's external environment? Which of these components may contain or influence interest groups which are relevant to your college or university? Cite examples.

Answer: The main components of an organization's external environment include the general economy, customers, suppliers, competitors, social/political factors, and technology. Essentially, all of these components — except competitors — may contain interest groups relevant to your college or university; however, competitors can certainly influence your institution's interest groups (e.g. competing universities often promote their programs to try to influence students' educational choices).

Page Ref: 518
Skill: Applied

148) What are the two main factors which determine environmental uncertainty? Discuss how various combinations of these factors can result in four levels of uncertainty. Give examples of industries which depict each level of uncertainty.

Answer: The two main factors are complexity (simple vs. complex) and rate of change (static vs. dynamic). As illustrated in the text in Exhibit 15.3 (page 488), these factors can be combined to form four levels of perceived uncertainty: 1) low uncertainty (simple, static) — e.g. funeral business; 2) moderately low uncertainty (complex, static) — e.g. insurance industry; 3) moderately high uncertainty (dynamic, simple) — e.g. fashion apparel; and 4) high uncertainty (complex, dynamic) — e.g. computer software. This question is particularly challenging since students will have to think of their own industry examples for each level of uncertainty.

Page Ref: 521
Skill: Applied

149) Briefly explain the main relationships between strategy and structure discovered by Lawrence and Lorsch.

Answer: The work of Lawrence and Lorsch demonstrates a close connection among environment, structure and effectiveness. Specifically, they found that firms operating under conditions of high certainty and low differentiation adopted mechanistic structures (e.g. container firms); while those operating under conditions of high uncertainty and high differentiation adopted organic structures (e.g. plastics firms).

Page Ref: 526
Skill: Applied

150) Describe five strategic responses designed to reduce environmental uncertainty or resource dependence.

Answer: Major strategic responses include structural variation, vertical integration, mergers and acquisitions, strategic alliances, interlocking directorates, and establishing legitimacy. Other forms of strategic response briefly presented in the text include economic forecasting, lobbying, public relations, negotiations, and contracting out.

Page Ref: 526
Skill: Recall

151) What are Perrow's four technological classifications in order from most routine to least routine? Summarize the main relationships between technology and structure identified by Perrow.

Answer: In order of routineness, the four technological classifications are routine, engineering, craft and nonroutine. According to Perrow, routine technologies should function best under mechanistic structures while nonroutine technologies call for more organic structures. Therefore, craft and engineering technologies fall somewhere between these two extremes.

Page Ref: 533
Skill: Applied

152) Describe Thompson's three classifications of technology in order of increasing interdependence. Identify the type of interdependence under which each technology operates. Finally, summarize the expected relationships between technology and structure based on Thompson's work.

Answer: In order of increasing interdependence, the three technological classifications are mediating (which operates under pooled interdependence), long-linked (for sequential interdependence), and intensive (for reciprocal interdependence). According to Thompson's findings, higher levels of technological interdependence call for more organic structures, while lower levels of technological interdependence call for more mechanistic structures.

Page Ref: 534

Skill: Applied

153) Applying the principles of Woodward's famous study, mechanistic structures should most effective for firms using which type(s) of technology? When should organic structures be most effective?

Answer: Mechanistic structures should be most effective for mass production technology; organic structures should be most effective for unit and process technologies.

Page Ref: 536

Skill: Applied

154) What does the text mean by the "two faces" of advanced technology? Explain how this concept might apply to a particular assembly line where several skilled labourers are about to be replaced by robots.

Answer: The "two faces" means that a given form of advanced technology can have exactly the opposite effects, depending on how it is employed. For example, the same technology that can automate and de-skill jobs (e.g. use of robotics on an assembly line) can also build skills into jobs (e.g. assembly line workers acquire advanced computer skills to program robotic equipment).

Page Ref: 537

Skill: Applied

155) Describe the open systems concept of organizations and give an example. What is the value of the open systems concept?

Answer: Open systems take inputs from the external environment, transform some of them, and send them back into the environment as outputs. An example is an insurance company. It imports actuarial experts, information about accidents and mortality, and capital in the form of insurance premiums. Through the application of financial knowledge, it transforms the capital into insurance coverage and investments in areas such as real estate. The value of the open systems concept is that it sensitizes us to the need for organizations to cope with the demands of the environment on both the input side and the output side.

Page Ref: 518

Skill: Recall

156) What is meant by the "external environment" and provide examples of how it can influence organizations.

Answer: The external environment refers to events and conditions surrounding an organization that influence its activities. Examples of the influence of the external environment on organizations provided in the text include the effect of the OPEC oil embargo of 1973 and subsequent oil price increases on North American automobile manufacturers, the effect of the terrorist attacks of 9/11 on companies such as CIBC World Markets, and the effect of SARS on companies in the travel, tourism, and hospitality industry.

Page Ref: 517

Skill: Applied

157) What are the effects of increasing uncertainty on organizations and their decision makers?

Answer: As uncertainty increases, cause-and-effect relationships become less clear; environmental uncertainty tends to make priorities harder to agree on and often stimulates a fair degree of political jockeying with the organization; and more information must be processed by the organization to make adequate decisions.

Page Ref: 522

Skill: Recall

158) Discuss the nature of the relationship between environment and strategy. Be sure to describe each step in the process.

Answer: It begins with the objective organizational environment which is portrayed in terms of uncertainty and available resources. This, however, is filtered through the perceptual system of managers and other organizational members. Thus, it is the perceived environment that comprises the basis for strategy formulation. Strategy formulation involves determining the mission, goals, and objectives of the organization. The organization must then determine its orientation to the perceived environment. The chosen strategy must correspond to the constraints and opportunities of the environment. The strategy must then be implemented by selecting appropriate managers for the task and employing appropriate techniques. As shown in Exhibit 5.4 (page 524), the sequence of events is as follows: objective organizational environment, perceived organizational environment, strategy formulation, strategy implementation, and organizational effectiveness.

Page Ref: 531

Skill: Applied

159) Fred has started a new company but is having a difficult time getting support and backing from important stakeholders in the environment. He realizes that establishing legitimacy has been a problem and has hired you to explain to him what it involves and the different ways that it can be achieved. What will you tell him?

Answer: Establishing legitimacy involves taking actions that conform to prevailing norms and expectations. The point is to not only to be strategically correct but to have the appearance of being strategically correct. One way to achieve legitimacy is by association with higher status individuals or organizations. Another way is to be seen as doing good deeds in the community. A third way is to make very visible responses to social trends and legal legislation. The most common way of achieving legitimacy is to imitate management practices that other firms have institutionalized.

Page Ref: 531

Skill: Applied

160) Discuss three environmental and strategic concerns that have stimulated the adoption of advanced office technology.

Answer: The potential for labour saving; responsiveness both within the organization and to customers and suppliers; and improved decision making.

Page Ref: 540

Skill: Recall