

Chapter 11

1) The well-structured problem does not exhibit which of the following characteristics?

- A) existing state is clear
- B) uncertainty about what to do
- C) certainty about what to do
- D) desired state is clear
- E) problem is repetitive and familiar

Answer: B

Page Ref: 375

Skill: Recall

2) Which of the following is another name for a programmed problem solution technique?

- A) rules of thumb
- B) routines
- C) rules
- D) standard operating procedures
- E) All of the above

Answer: E

Page Ref: 375

Skill: Recall

3) One is most likely to see a program used to make a(n) _____ decision.

- A) important
- B) executive-level
- C) routine
- D) ill-structured
- E) unique

Answer: C

Page Ref: 375

Skill: Applied

4) Which of the following most clearly involves a decision program?

- A) A task force to improve company image
- B) A corporate merger
- C) A standing order to a supplier
- D) A medical ethics committee
- E) A billion dollar investment decision

Answer: C

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Skill: Applied

5) The ill-structured problem is one where the

- A) existing state is unclear, desired state is clear.
- B) existing state is clear, desired state is clear.
- C) existing state is unclear, desired state is unclear.
- D) existing state is clear, desired state is unclear.
- E) existing state is clear but the method of getting to the desired state is unknown.

Answer: C

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Skill: Recall

6) At what part of an organization would an ill-structured problem most likely be encountered?

- A) The top of the hierarchy
- B) The bottom of the hierarchy
- C) Ill-structured problems are equally likely throughout the organizational hierarchy
- D) Where the bottom of the hierarchy meets the middle
- E) The middle of the hierarchy

Answer: A

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Skill: Recall

7) Which of the following problems would most likely be solved with a program (that is, using programmed decision-making)?

- A) In which part of the country should we locate our new business?
- B) Which candidate should we choose to be vice-president of marketing?
- C) How many workers should we call out to staff the assembly line next week?
- D) Should this convict be granted parole?
- E) Should we merge with this company or not?

Answer: C

Page Ref: 375

Skill: Applied

8) Which of the following is characteristic of well-structured problems?

- A) They often entail high risk.
- B) They frequently arouse controversy and conflict among those interested in the problem.
- C) They are unusual and have not been encountered before.
- D) The existing state and the desired state are understood.
- E) They tend to be complex and involve a high degree of uncertainty.

Answer: D

Page Ref: 375

Skill: Recall

9) A program would most likely be used

- A) to solve a risky problem.
- B) to solve problems dealt with by top management.
- C) to justify group decision-making.
- D) to solve an ill-structured problem.
- E) to solve a well-structured problem.

Answer: E

Page Ref: 375

Skill: Recall

10) Which of the following is an example of an ill-structured problem?

- A) The sales manager must decide what to do about sales that seem sluggish.
- B) The production manager must decide how many workers to schedule on the line next week.
- C) The assistant bank manager must decide which automobile loan applications to approve.
- D) The retailer must decide whether to reorder lawn chairs.
- E) The welfare officer must decide how much assistance a particular client should receive.

Answer: A

Page Ref: 376

Skill: Applied

11) Economic Person does not

- A) have adequate information to make good decisions.
- B) use logic in making decisions.
- C) use economic gain to evaluate the correctness of decisions.
- D) make rational decisions.
- E) make decisions like the average consumer or manager.

Answer: E

Page Ref: 376

Skill: Recall

12) Nonprogrammed decision-making

- A) is most likely to be required at lower levels of the organizational hierarchy.
- B) is used to solve well-structured problems.
- C) may stimulate strong political considerations.
- D) tends to involve much certainty.
- E) is used to solve repetitive problems.

Answer: C

Page Ref: 377

Skill: Recall

13) Managers who exhibit bounded rationality

- A) might be operating under time constraints.
- B) might be factoring political considerations into decisions.
- C) might be subject to cognitive biases.
- D) might be limited in their capacity to acquire and process information.
- E) all of the above.

Answer: E

Page Ref: 377

Skill: Recall

14) In evaluating alternative solutions, decision-makers with bounded rationality

- A) tend to exhibit maximization.
- B) often consider the political acceptability of the solution to other organizational members.
- C) rarely engage in satisficing.
- D) know the ultimate value of each alternative.
- E) know the probability that each alternative will work.

Answer: B

Page Ref: 381

Skill: Recall

15) When he heard that turnover was increasing, the human resource manager immediately told the president that salaries would have to be raised. Unfortunately, low pay wasn't the cause of the turnover. Which decision-making error did the manager commit?

- A) He treated sunk costs improperly.
- B) He defined the problem in terms of a solution.
- C) He exhibited the knew-it-all-along effect.
- D) He revealed a confirmation bias.
- E) He escalated commitment.

Answer: B

Page Ref: 378

Skill: Applied

- 16) Information overload is likely to lead to
- A) lower satisfaction with the ultimate decision.
 - B) only relevant information influencing decision-making.
 - C) higher quality decisions.
 - D) fast decision-making.
 - E) greater confidence by managers in their decisions.

Answer: E

Page Ref: 379

Skill: Applied

- 17) Mark has two alternatives. There is a 50 percent chance that he will earn \$120,000 if he accepts a government contract. If he decides not to accept the contract and instead continues on his present project he has an 80 percent chance of earning \$100,000. If Mark is a perfectly rational decision-maker which of the following statements is true?
- A) He will accept the government contract.
 - B) His expected value of continuing on the present project is \$80,000.
 - C) He will revise his earnings estimate on the government contract to make it more attractive.
 - D) He will ignore economic criteria in making his decision.
 - E) He will attempt to satisfice.

Answer: B

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Skill: Applied

- 18) At which stage of the rational decision-making model is information overload a particular problem?
- A) Problem identification
 - B) Implement chosen solution
 - C) Monitor and evaluate chosen solution
 - D) Evaluate alternative solutions
 - E) Search for relevant information

Answer: E

Page Ref: 379

Skill: Recall

- 19) Which of the following is an example of faulty hindsight?
- A) The small business owner who had been let down by a supplier gave the supplier another large order.
 - B) Suki decided to spend more money upgrading her old computer instead of buying a new one.
 - C) Alan erroneously predicted that his superiors would favour the reorganization plan.
 - D) The small business owner could never forget how she had been let down by a particular supplier.
 - E) When it became clear that the investment was a poor one, Pierre realized that he had known it was bad all along.

Answer: E

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Skill: Applied

20) Which of the following is an example of diffusion of responsibility?

- A) The surgery team decided on a more conservative operating technique when they discussed the operation face-to-face.
- B) A firing squad of ten soldiers was used to execute the prisoner.
- C) After her boss's decision turned out to be wrong, Sally said she knew all along that it was wrong.
- D) Paul allows his secretary to make certain decisions without consulting him.
- E) As Douglas accepted the award on behalf of his department he made a point of acknowledging the contributions of his colleagues.

Answer: B

Page Ref: 385

Skill: Applied

21) Escalation of commitment

- A) is the most common outcome of information overload.
- B) runs counter to the general tendency for decision-makers to try to justify their actions.
- C) only occurs when the decision-maker is responsible for beginning a course of action.
- D) involves committing more and more resources to a failing course of action.
- E) illustrates how decision-makers often ignore sunk costs.

Answer: D

Page Ref: 383

Skill: Recall

22) Escalation of commitment to a failing course of action

- A) only occurs if the decision-maker was personally responsible for the initial loss.
- B) is the most common outcome of information overload.
- C) only occurs in highly competitive situations.
- D) is what defines the occurrence of a risky shift.
- E) shows how people may treat sunk costs improperly.

Answer: E

Page Ref: 383

Skill: Recall

23) Managers must often rely upon others when making decisions and solving problems. At what stage of the rational decision-making process does reliance upon others often cause special problems?

- A) Evaluation of alternative solutions
- B) Development of alternative solutions
- C) Solution implementation
- D) Solution choice
- E) Information search

Answer: C

Page Ref: 383

Skill: Recall

- 24) Who failed to treat sunk costs properly?
- A) The manager who escalated commitment
 - B) The leader of the group that exhibited groupthink
 - C) The devil's advocate in the meeting
 - D) The politician who cancelled the public works project
 - E) The salesperson who acted unethically

Answer: A

Page Ref: 383

Skill: Applied

- 25) Which of the following is probably an example of the irrational treatment of sunk costs?
- A) The company president decided to cancel the expansion project even though construction work had already begun.
 - B) Jim studied the computer output for two hours before the big meeting, but he couldn't use the information. Before the next meeting he studied the output for four hours.
 - C) The pilot feared landing on the remote airstrip because there had been an accident there the day before.
 - D) Mary obtained much more information than she needed in order to make a decision on the leasing arrangement.
 - E) Janine had her travel agent book two flights for her to New York so that she was certain not to miss the big meeting.

Answer: B

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Skill: Applied

- 26) Decision-makers who establish an adequate level of acceptability for a solution and then screen solutions until one that exceeds this level is found are
- A) diffusers.
 - B) optimizers.
 - C) satisficers.
 - D) rationalizers.
 - E) maximizers.

Answer: C

Page Ref: 381

Skill: Recall

- 27) Satisficing is a concept that is most associated with
- A) implementing a solution.
 - B) searching for information.
 - C) choosing a solution.
 - D) monitoring a solution.
 - E) identifying a problem.

Answer: C

Page Ref: 381

Skill: Recall

- 28) According to the anchoring effect, people
- A) don't adjust successive estimates enough in the face of new information.
 - B) rely too much on the most recent information received.
 - C) depend too much on problem solutions developed by others.
 - D) resist problem solutions developed by others.
 - E) tend to invest additional resources in an apparently failing course of action.

Answer: A

Page Ref: 381

Skill: Recall

- 29) Which of the following is a problem frame?
- A) How the decision-makers are rewarded
 - B) How the solution is evaluated
 - C) How the solution is implemented
 - D) How the problem is solved
 - E) How the problem is stated

Answer: E

Page Ref: 382

Skill: Applied

- 30) Sharon framed the problem as a choice between two losses. What is she likely to do now?
- A) Ignore economic considerations
 - B) Make a risky decision
 - C) Make a conservative decision
 - D) Ignore sunk costs
 - E) Ignore sample sizes

Answer: B

Page Ref: 382

Skill: Applied

- 31) After group discussion, group members tend to make decisions that are _____ the positions of individual members before discussion.
- A) more risky or more conservative than
 - B) equal to the average risk of
 - C) more risky than
 - D) less risky or less conservative than
 - E) more conservative than

Answer: A

Page Ref: 393

Skill: Applied

- 32) Diffusion of responsibility might contribute to
- A) conservative shifts.
 - B) information overload.
 - C) confirmation bias.
 - D) risky shifts.
 - E) hindsight.

Answer: D

Page Ref: 393

Skill: Applied

33) Which of the following is not a characteristic of groupthink?

- A) Group members censor themselves from bringing up issues which are contrary to the group consensus.
- B) The group constructs unfavourable stereotypes of outsiders.
- C) Much conformity occurs in the group.
- D) The group experiences much dissension and argument.
- E) The group sees itself as morally correct.

Answer: D

Page Ref: 391

Skill: Recall

34) The manager who wishes to diffuse responsibility for a potentially incorrect decision should

- A) use nonprogrammed decision-making.
- B) make the decision herself.
- C) be prepared to accept the sunk costs associated with the decision.
- D) use a group to make the decision.
- E) disregard the rational decision-making model.

Answer: D

Page Ref: 390

Skill: Applied

35) A devil's advocate is

- A) a group member that everyone dislikes.
- B) a group member who bullies other members into accepting the group consensus.
- C) a genuinely evil person.
- D) a person who intentionally stimulates controversy.
- E) a person who smoothes over conflict.

Answer: D

Page Ref: 395

Skill: Recall

36) According to the groupthink theory, group members who are overconfident and willing to assume great risks are suffering from

- A) the knew-it-all-along effect.
- B) an illusion of unanimity.
- C) the conservative shift phenomenon.
- D) an illusion of invulnerability.
- E) an escalation of commitment.

Answer: D

Page Ref: 391

Skill: Applied

37) What is a strong cause of groupthink?

- A) Conflict exists within the group.
- B) The group contains a devil's advocate.
- C) The group leader favours a particular decision.
- D) The absence of mindguards.
- E) Group members feel too free to speak their minds.

Answer: C

Page Ref: 391

Skill: Recall

- 38) After meeting together, the members of the venture capital group decided not to fund any more projects for the year. Before the meeting, some members had been cautiously in favour of funding. What happened?
- A) Hindsight
 - B) Groupthink
 - C) Diffusion of responsibility
 - D) Risky shift
 - E) Conservative shift

Answer: E

Page Ref: 393

Skill: Applied

- 39) Illusion of invulnerability, illusion of morality, and illusion of unanimity are all characteristics of
- A) risky shift.
 - B) maximization.
 - C) hindsight.
 - D) confirmation bias.
 - E) groupthink.

Answer: E

Page Ref: 391

Skill: Recall

- 40) Which of the following is a potential example of the risky shift?
- A) Steve decided to take an elective course in statistics even though he wasn't very good at quantitative subjects.
 - B) A manager quit her secure job in a large company to start her own business even though she had to mortgage her house.
 - C) The board of directors voted to proceed with the expansion even though it would cost \$10 million more than originally planned.
 - D) Three partners were uncertain about expanding their business. After discussing the matter, they decided to expand even though the economy was bad.
 - E) A drug company put a new drug on the market even though it was possible that the drug would provoke bad side effects.

Answer: D

Page Ref: 393

Skill: Applied

- 41) Which is an example of a conservative shift?
- A) The individual city councilors were moderately opposed to the expensive bond issue. During the council meeting, so many negative points were raised that the bond issue was soundly defeated.
 - B) After reading an article about the economy in *Business Week* Frank decided not to expand his small business.
 - C) Because of the recession, the construction firm lowered its profit margin to get more of its bids accepted.
 - D) Coach Smith decided to play it safe and kick a field goal rather than having the injured quarterback try a pass.
 - E) Several board members were cautiously optimistic about the merger proposal before the meeting. During the board meeting, so many problems were cited that the proposal was unanimously defeated.

Answer: A

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Skill: Applied

- 42) When people can brainstorm electronically, entering their ideas at computer terminals,
- A) group brainstorming is superior to individual brainstorming.
 - B) brainstorming is superior to the nominal group technique.
 - C) less flaming is likely to occur.
 - D) individual brainstorming is superior to group brainstorming.
 - E) group brainstorming works as well as individual brainstorming.

Answer: E

Page Ref: 396

Skill: Recall

- 43) A key advantage of the use of electronic brainstorming groups is that
- A) as group size increases, so does flaming.
 - B) as group size increases, so does the idea generation.
 - C) as group size increases, so do individual inhibitions.
 - D) as group size increases, so does social loafing.
 - E) None of the above.

Answer: B

Page Ref: 396

Skill: Recall

- 44) Conventional (i.e. nonelectronic) brainstorming
- A) is a decision-making technique in which the decision-makers do not meet face-to-face.
 - B) is not a very effective technique for generating ideas.
 - C) is more effective at generating ideas than the nominal group technique.
 - D) is a method of training discussion leaders to help groups make more effective decisions.
 - E) is a technique for evaluating solutions to problems.

Answer: B

Page Ref: 395

Skill: Recall

- 45) If we employ _____ to improve decisions, the participants never meet face-to-face.
- A) a devil's advocate
 - B) the nominal group technique
 - C) brainstorming
 - D) group discussion
 - E) the Delphi technique

Answer: E

Page Ref: 397

Skill: Recall

- 46) Which technique of improving decision-making involves the use of several waves of questionnaires and requires a lot of time?
- A) The nominal group technique
 - B) Brainstorming
 - C) Group discussion
 - D) The Delphi technique
 - E) Electronic brainstorming

Answer: D

Page Ref: 397

Skill: Recall

47) Which of the following is a benefit of using electronic brainstorming systems?

- A) Less risky decisions than face-to-face groups.
- B) The ability to "flame" someone anonymously.
- C) Impulsive communication.
- D) People feel more accountable for electronic decisions.
- E) Participation is more equally distributed among members.

Answer: E

Page Ref: 396

Skill: Applied

48) In what kind of decisions does mood have its greatest impact?

- A) Certain and well-structured.
- B) Uncertain and ambiguous.
- C) Well-structured and unambiguous.
- D) Uncertain and ill-structured.
- E) Certain and unambiguous.

Answer: B

Page Ref: 386

Skill: Recall

49) Which of the following accurately describes the effect of moods on decision making?

- A) Mood affects what but not how people think when making decisions.
- B) Mood affects what and how people think when making decisions.
- C) Only a positive mood has an affect on how people think when making decisions.
- D) Mood does not affect what or how people think when making decisions.
- E) Mood affects how but not what people think when making decisions.

Answer: B

Page Ref: 386

Skill: Recall

50) What is most likely to lead one to adopt a simplified, short-cut decision-making strategy that is likely to violate the rational model?

- A) A positive emotion.
- B) A negative emotion.
- C) A positive mood.
- D) The lack of emotion.
- E) A negative mood.

Answer: C

Page Ref: 386

Skill: Recall

51) What three things are noteworthy about the definition of decision making?

- A) choice, problem, and resources
- B) choice, problem, and program
- C) choice, problem, and process
- D) problem, process, and resources
- E) choice, process, and resources

Answer: E

Page Ref: 374

Skill: Recall

- 52) Ineffective hiring decisions are a good example of
- A) confirmation bias
 - B) escalation of commitment
 - C) the difficulties of nonprogrammed decision making
 - D) bounded rationality
 - E) the difficulties of programmed decision making

Answer: E

Page Ref: 375

Skill: Recall

- 53) What did Nobel Prize winner Herbert Simon recognize?
- A) the perfectly rational characteristics of Economic Person do not exist in real decision makers
 - B) the existence of groupthink
 - C) the characteristics of Economic Person
 - D) the usefulness of programmed decision making
 - E) the usefulness of nonprogrammed decision making

Answer: A

Page Ref: 376

Skill: Recall

- 54) The following illustrate the operation of bounded rationality except
- A) political considerations
 - B) emotions and moods
 - C) framing
 - D) cognitive biases
 - E) maximization

Answer: E

Page Ref: 380

Skill: Recall

- 55) You have just applied for a job and when completing the application form you were surprised to see questions about your age and marital status. Such questions would seem to violate equal employment and human rights legislation and not likely to be related to the job. It made you wonder why a company would ask these questions. What is a good explanation for this?
- A) cognitive biases
 - B) difficulties of programmed decision making
 - C) difficulties of nonprogrammed decision making
 - D) bounded rationality
 - E) information overload

Answer: B

Page Ref: 375

Skill: Applied

56) Which of the following is an example of an ill-structured problem?

- A) Which of these 10 car loan applications should I approve?
- B) How much weight should I carry?
- C) In which part of the country should we build a new plant?
- D) How much assistance should this client receive?
- E) all of the above

Answer: C

Page Ref: 376

Skill: Applied

57) The following are difficulties that can result from bounded rationality in problem identification except

- A) problem diagnosed in terms of symptoms
- B) perceptual defence
- C) problem defined as ill-structured
- D) problem defined in terms of solution
- E) problem defined in terms of functional specialty

Answer: C

Page Ref: 378

Skill: Recall

58) Sales at the Smelly Cheese Company had been down all year. Management met to try and identify the problem. The marketing manager which convinced that the problem was poor marketing. The manager of human resources believed the problem was employee motivation. What is the difficulty they are having?

- A) too little information
- B) perceptual defence
- C) problem defined in terms of solution
- D) problem defined in terms of functional specialty
- E) problem diagnosed in terms of symptoms

Answer: D

Page Ref: 378

Skill: Applied

59) When Thelma's boss said, "What we have here is a morale problem" what was she doing?

- A) confirmation bias
- B) hindsight
- C) defining a problem in terms of solution
- D) defining a problem in terms of functional specialty
- E) diagnosing a problem in terms of symptoms

Answer: E

Page Ref: 378

Skill: Applied

60) Which of the following is a cognitive bias that contributes to decision makers failure to acquire enough information to make a good decision?

- A) perceptual defence
- B) anchoring effect
- C) satisficing
- D) confirmation bias
- E) hindsight

Answer: D

Page Ref: 379

Skill: Recall

61) Decision makers violate statistical principles at what stage of the decision making process?

- A) solution evaluation
- B) alternative development, evaluation, and choice
- C) information search
- D) solution implementation
- E) problem identification

Answer: B

Page Ref: 381

Skill: Recall

62) After graduating from university your are planning to get a job as an accountant. Your best friend Jay is planning on opening his own restaurant. He says he has thought a great deal about his this and believes he will be very successful and it is a good decision. You explain to him the fact that most new restaurants fail but it does factor into Jay's decision. What does this demonstrate?

- A) perceptual defence
- B) sunk costs
- C) hindsight
- D) anchoring effect
- E) base rates

Answer: E

Page Ref: 381

Skill: Applied

63) Absenteeism has become a problem at the Smelly Cheese Company so the human resource manager has decided to do something about it. He has decided to choose the first solution he comes across that will get the level to what it was in the previous year. What is this an example of?

- A) anchoring effect
- B) framing
- C) confirmation bias
- D) satisficing
- E) sunk costs

Answer: D

Page Ref: 381

Skill: Applied

- 64) Research by Daniel Kahneman and Amos Tversky shows that
- A) when people view a problem as a choice between gains, they tend to make risky decisions
 - B) when people view a problem as a choice between losses, they tend to make poor decisions
 - C) when people view a problem as a choice between losses, they tend to make better decisions
 - D) when people view a problem as a choice between losses, they tend to make risky decisions
 - E) when people view a problem as a choice between losses, they tend to make conservative decisions

Answer: D

Page Ref: 382

Skill: Recall

- 65) Which of the following accurately depicts the relationship between personality and escalation?
- A) people high on neuroticism and low on negative affectivity are less likely to escalate
 - B) people low on neuroticism and high on negative affectivity are more likely to escalate
 - C) people high on neuroticism and high on negative affectivity are more likely to escalate
 - D) people high on neuroticism and high on negative affectivity are less likely to escalate
 - E) people high on neuroticism and low on negative affectivity are more likely to escalate

Answer: D

Page Ref: 384

Skill: Recall

- 66) You and a friend have decided to study for your final exams together. However, time to study for your organizational behaviour exam is running out. Your friend persuades you to only study only the first five of the ten chapters to be covered on the exam. When you get to the exam you quickly read through all of the questions and are surprised to see that in fact the majority of the questions are from the first five chapters you studied. You and your friend both receive very good grades on the exam. Your friend never misses an opportunity to remind you how smart it was to only study the first five chapters. What is this an example of?
- A) anchoring effect
 - B) hindsight
 - C) framing
 - D) confirmation bias
 - E) escalation of commitment

Answer: B

Page Ref: 384

Skill: Applied

- 67) A study of 356 decisions in medium and large organizations in the United States and Canada found that _____ of the decisions made in organizations fail.
- A) one third
 - B) over 50 percent
 - C) one quarter
 - D) 10 percent
 - E) half

Answer: E

Page Ref: 388

Skill: Recall

68) What does brainstorming focus on?

- A) the generation of ideas by individuals and evaluation of the ideas by groups
- B) the generation of ideas rather than the evaluation of ideas
- C) the generation and evaluation of ideas
- D) the evaluation of ideas rather than the generation of ideas
- E) the generation of ideas by groups and the evaluation of the ideas by individuals

Answer: B

Page Ref: 395

Skill: Recall

69) What does brainstorming and the nominal group technique (NGT) focus on?

- A) brainstorming and NGT focus on the evaluation of ideas
- B) brainstorming focuses on the generation of ideas; NGT focuses on the evaluation of ideas
- C) brainstorming focuses on the generation of ideas; NGT focuses on the generation and evaluation of ideas
- D) brainstorming and NGT focus on the generation of ideas
- E) brainstorming and NGT focus on the generation and evaluation of ideas

Answer: C

Page Ref: 397

Skill: Recall

70) Which of the following best describes the nominal group technique (NGT) and the Delphi technique?

- A) participants engage in face-to-face interaction in both
- B) participants do not engage in face-to-face interaction in both
- C) participants engage in face-to-face interaction in the Delphi technique but not the NGT
- D) participants engage in face-to-face interaction for idea generation but not evaluation in both
- E) participants engage in face-to-face interaction in the NGT but not the Delphi technique

Answer: E

Page Ref: 397

Skill: Recall

71) Which of the following represents the effectiveness of electronic brainstorming groups?

- A) once over the size of two members, electronic brainstorming groups perform better than face-to-face groups in terms of quantity but not quality of ideas
- B) once over the size of two members, electronic brainstorming groups perform worse than face-to-face groups in terms of quantity but not quality of ideas
- C) once over the size of two members, electronic brainstorming groups perform better than face-to-face groups in terms of both quantity and quality of ideas
- D) once over the size of two members, electronic brainstorming groups perform the same as face-to-face groups in terms of both the quantity and quality of ideas
- E) once over the size of two members, electronic brainstorming groups perform better than face-to-face groups in terms of quality but not quantity of ideas

Answer: C

Page Ref: 396

Skill: Recall

72) Which of the following is most accurate about electronic brainstorming groups?

- A) as they get larger, they tend to produce more ideas, but the ideas-per-person remains stable
- B) as they get larger, they tend to produce less ideas and the ideas-per-person remains stable
- C) as they get larger, they tend to produce more ideas, and the ideas-per-person increases
- D) as they get larger, they tend to produce more ideas, but the ideas-per-person decreases
- E) as they get larger, they tend to produce less ideas, and the ideas-per-person decreases

Answer: A

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Skill: Recall

73) The knew-it-all-along effect is an example of faulty hindsight.

Answer: ☒ True ☐ False

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Skill: Recall

74) The perfectly rational decision-maker tends to satisfice.

Answer: ☐ True ☒ False

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Skill: Applied

75) Escalation of commitment to a losing course of action could be an example of the improper treatment of sunk costs.

Answer: ☒ True ☐ False

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Skill: Applied

76) Individual decision making generally results in higher quality decisions than group decision-making.

Answer: ☐ True ☒ False

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Skill: Recall

77) Devil's advocates are people who have a difficult time making a decision and sticking to it.

Answer: ☐ True ☒ False

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Skill: Recall

78) The Delphi technique is a form of face-to-face group decision-making.

Answer: ☐ True ☒ False

Page Ref: 397

Skill: Recall

79) Although information overload damages decisions, decision-makers are usually eager to collect a large amount of information.

Answer: ☒ True ☐ False

Page Ref: 379

Skill: Recall

80) Programs should be used to solve ill-structured problems.

Answer: ☐ True ☒ False

Page Ref: 375

Skill: Applied

81) Individuals who prefer a conservative solution to a problem will probably make an even more conservative decision when they meet as a group.

Answer: ☒ True ☐ False

Page Ref: 393

Skill: Applied

82) Brainstorming groups are very effective in generating ideas compared to people working alone.

Answer: ☐ True ☒ False

Page Ref: 395

Skill: Recall

83) Participants in nominal decision-making groups actually meet face-to-face.

Answer: ☒ True ☐ False

Page Ref: 397

Skill: Recall

84) Groups almost always make riskier decisions than individuals.

Answer: ☐ True ☒ False

Page Ref: 393

Skill: Applied

85) A rule is an example of a program for making a decision.

Answer: ☒ True ☐ False

Page Ref: 375

Skill: Applied

86) A characteristic of a well-structured problem is uncertainty.

Answer: ☐ True ☒ False

Page Ref: 375

Skill: Recall

87) An ill-structured problem is one where the existing state is unclear and the desired state is clear.

Answer: ☐ True ☒ False

Page Ref: 376

Skill: Recall

88) Groupthink is a common phenomenon when groups are riddled with conflict and dissension.

Answer: ☐ True ☒ False

Page Ref: 391

Skill: Applied

89) The existing and desired states of a well-structured problem are clear.

Answer: ☒ True ☐ False

Page Ref: 375

Skill: Recall

90) Rules, routines, and rules of thumb are programmed solution techniques.

Answer: ☒ True ☐ False

Page Ref: 375

Skill: Recall

91) As individuals, the five partners who own a business tend to favour a risky investment. When they meet as a group to discuss the investment, we can expect a less risky course of action to be adopted.

Answer: ☐ True ☒ False

Page Ref: 393

Skill: Applied

92) Participation is equally distributed with regular brainstorming techniques.

Answer: ☐ True ☒ False

Page Ref: 395

Skill: Applied

93) Electronic brainstorming increases the number of ideas generated as group size increases.

Answer: ☒ True ☐ False

Page Ref: 396

Skill: Applied

94) Groupthink is defined as the tendency for a group to reach a unanimous decision.

Answer: ☐ True ☒ False

Page Ref: 391

Skill: Applied

95) Escalation of commitment refers to committing more and more resources to a failing course of action.

Answer: ☒ True ☐ False

Page Ref: 383

Skill: Recall

96) Sunk costs refer to resources that were knowingly committed to a failing course of action.

Answer: ☐ True ☒ False

Page Ref: 383

Skill: Recall

97) Sally tended to make a more risky decision about investing in her small business after reading an article in *Fortune*. This is an example of the risky shift phenomenon.

Answer: ☐ True ☒ False

Page Ref: 393

Skill: Applied

98) Both ill-structured and well-structured problems can be solved with programmed problem solving methods.

Answer: ☐ True ☒ False

Page Ref: 375

Skill: Applied

99) Satisficing refers to making the best possible decision that can be made.

Answer: True ☒ False

Page Ref: 381

Skill: Recall

100) Tom excused his poor judgment in choosing the wording for the contract by saying that he was under medication for an ulcer at the time. This is an example of diffusion of responsibility.

Answer: True ☒ False

Page Ref: 390

Skill: Applied

101) The decision process using the Delphi technique will normally require more time than using the nominal group technique (NGT).

Answer: ☒ True False

Page Ref: 397

Skill: Recall

102) Appointing a devil's advocate might be a way to prevent groupthink from occurring in a decision-making group.

Answer: ☒ True False

Page Ref: 395

Skill: Recall

103) Mood affects what and how people think when making decisions.

Answer: ☒ True False

Page Ref: 386

Skill: Recall

104) People in a positive and negative mood tend to remember positive information.

Answer: True ☒ False

Page Ref: 386

Skill: Recall

105) People in a positive mood tend to evaluate objects, people, and events more positively.

Answer: ☒ True False

Page Ref: 386

Skill: Recall

106) People in a good mood tend to overestimate the likelihood that good events will occur and underestimate the occurrence of bad events.

Answer: ☒ True False

Page Ref: 386

Skill: Recall

107) People in a good mood approach decisions in a deliberate, systematic, detailed way.

Answer: True ☒ False

Page Ref: 386

Skill: Recall

108) A negative mood promotes more creative, intuitive decision making.

Answer: True ☒ False

Page Ref: 386

Skill: Recall

109) The impact of mood on decision making is usually dysfunctional.

Answer: True ☒ False

Page Ref: 386

Skill: Recall

110) Many of the problems encountered in organizations are well structured.

Answer: ☒ True False

Page Ref: 375

Skill: Recall

111) Ill-structured problems can entail high risk and stimulate political considerations.

Answer: ☒ True False

Page Ref: 376

Skill: Recall

112) The perfectly rational characteristics embodied in Economic Persons exist in very few decision makers.

Answer: True ☒ False

Page Ref: 376

Skill: Recall

113) Confirmation bias occurs during problem identification.

Answer: True ☒ False

Page Ref: 379

Skill: Recall

114) Too little information can damage the quality of decisions but you can never have too much information for making a decision.

Answer: True ☒ False

Page Ref: 379

Skill: Recall

115) Decision makers know that more information is not always better.

Answer: True ☒ False

Page Ref: 380

Skill: Recall

116) When people view a problem as a choice between losses, they tend to make conservative decisions.

Answer: True ☒ False

Page Ref: 382

Skill: Recall

117) When people frame the alternatives as a choice between gains, they tend to make conservative decisions.

Answer: ☒ True False

Page Ref: 382

Skill: Recall

- 118) Escalation of commitment only happens when the current decision maker is responsible for the previous sunk costs.
Answer: True ☒ False
Page Ref: 384
Skill: Recall
- 119) Escalation can occur in both competitive and noncompetitive situations.
Answer: ☒ True False
Page Ref: 384
Skill: Recall
- 120) People high on neuroticism and negative affectivity are more likely to escalate.
Answer: True ☒ False
Page Ref: 384
Skill: Recall
- 121) Individuals are more prone than groups to escalate commitment.
Answer: True ☒ False
Page Ref: 384
Skill: Recall
- 122) A study of 356 decisions in medium to large organizations in the United States and Canada found that half the decisions made in organizations fail.
Answer: ☒ True False
Page Ref: 388
Skill: Recall
- 123) Brainstorming was originally conceived as a group technique.
Answer: ☒ True False
Page Ref: 395
Skill: Recall
- 124) Individuals working alone generate more ideas than when in groups.
Answer: ☒ True False
Page Ref: 395
Skill: Recall
- 125) Four people working independently will usually generate less ideas than the same people working as a team.
Answer: True ☒ False
Page Ref: 396
Skill: Recall
- 126) Face-to-face interaction usually reduces individual brainstorming performance.
Answer: ☒ True False
Page Ref: 396
Skill: Recall

127) As face-to-face brainstorming groups get bigger, fewer and fewer ideas per person are generated.

Answer: ☒ True ☐ False

Page Ref: 396

Skill: Recall

128) Some organizations have done electronic brainstorming with up to 50-member groups.

Answer: ☐ True ☒ False

Page Ref: 397

Skill: Recall

129) The nominal group technique is concerned with the generation and evaluation of ideas.

Answer: ☒ True ☐ False

Page Ref: 397

Skill: Recall

130) _____ refers to the practice of accepting a solution to a problem that is not optimal but is good enough to meet pre-established criteria.

Answer: Satisficing

Page Ref: 381

Skill: Recall

131) Receiving more information than is necessary to make an effective decision puts a person in a state of _____.

Answer: information overload

Page Ref: 379

Skill: Recall

132) At the _____ stage of the rational decision-making model the assistance of others is often a particularly critical issue.

Answer: solution implementation

Page Ref: 383

Skill: Recall

133) Assuming after a decision has been made that one knew the decision was flawed before it was made is an example of _____.

Answer: the knew-it-all-along effect or hindsight

Page Ref: 384

Skill: Applied

134) A standardized way of solving a problem is a(n) _____.

Answer: program

Page Ref: 375

Skill: Recall

135) The tendency for group members to feel less anxious about the consequences of a decision because it was made by a group rather than an individual member is called _____.

Answer: diffusion of responsibility

Page Ref: 390

Skill: Recall

136) The tendency for a group to make a less risky decision than its individual members favour is called the _____.

Answer: conservative shift

Page Ref: 393

Skill: Recall

137) The decision-making strategy of choosing the alternative with the greatest expected value is called _____.

Answer: maximization

Page Ref: 380

Skill: Recall

138) Devoting more and more resources to a failing course of action is known as _____.

Answer: escalation of commitment

Page Ref: 383

Skill: Recall

139) Permanently lost resources that often enter inappropriately into subsequent decision-making are called _____.

Answer: sunk costs

Page Ref: 383

Skill: Recall

140) For a(n) _____ problem, the existing and desired states are clear, and it is obvious how to get from one to another.

Answer: well-structured

Page Ref: 375

Skill: Recall

141) If group pressure leads to reduced mental efficiency, poor reality testing, and lax moral judgments, _____ has probably occurred.

Answer: groupthink

Page Ref: 391

Skill: Applied

142) When the existing state of a situation is well-known and the desired state is also known, you are facing a _____ problem.

Answer: well-structured

Page Ref: 375

Skill: Recall

143) People who brainstorm alone generate _____ ideas than when brainstorming in groups.

Answer: more

Page Ref: 395

Skill: Recall

144) The product planning group decided to sit around thinking up as many new names for the new soap as it could. This is an example of _____.

Answer: brainstorming

Page Ref: 395

Skill: Applied

- 145) The decision-making process that involves several formal rounds of questionnaires to gather information is _____.
Answer: the Delphi technique
Page Ref: 397
Skill: Recall
- 146) A formal decision-making technique in which group members generate ideas alone, share them without censure, and then discuss them systematically is called _____.
Answer: the nominal group technique
Page Ref: 397
Skill: Recall
- 147) _____ refers to the often subtle aspects of the presentation of information about a problem that are assumed by decision-makers.
Answer: Framing
Page Ref: 377
Skill: Recall
- 148) Political considerations, time constraints, and limited information processing capacity mean that people exhibit _____ rather than perfect rationality.
Answer: bounded rationality
Page Ref: 377
Skill: Applied
- 149) When a gap exists between an existing state and a desired state we have a(n) _____.
Answer: problem
Page Ref: 375
Skill: Recall
- 150) Tendencies to acquire and process information in an error-prone way are known as _____.
Answer: cognitive biases
Page Ref: 377
Skill: Recall
- 151) _____ frequently arouse controversy and conflict among the people who are interested in the decision.
Answer: Ill-structured problems
Page Ref: 376
Skill: Recall
- 152) The perfect prototype for _____ is Economic Person.
Answer: perfect rationality
Page Ref: 376
Skill: Recall
- 153) _____ constitute assumptions and shortcuts that can improve decision making efficiency but lead to serious errors in judgment.
Answer: Cognitive biases
Page Ref: 377
Skill: Recall

154) _____ refers to the tendency to seek out information that conforms to one's own definition of or solution to a problem.

Answer: Confirmation bias

Page Ref: 379

Skill: Recall

155) When people view a problem as a choice between losses, they tend to make _____ decisions.

Answer: risky

Page Ref: 382

Skill: Recall

156) A person appointed to identify and challenge the weaknesses of a proposed plan or strategy is known as a _____.

Answer: devil's advocate

Page Ref: 395

Skill: Recall

157) Explain the difference between well-structured and ill-structured problems and give an example of each.

Which level of management and what kind of decision is most likely to be made in response to each type of problem?

Answer: Well-structured problems are those in which the existing state is clear, the desired state is clear, and the means to get from one state to another is fairly obvious. Ill-structured problems are those for which the existing and desired states are unclear, and the method for getting to the desired state is unknown. A well-structured problem might be deciding whether to give a customer a refund on a defective product. An ill-structured problem might involve a merger with another company. Well-structured problems can be dealt with through programmed decisions primarily at the lower levels of the hierarchy. Ill-structured problems require nonprogrammed decisions which are usually made by higher level management.

Page Ref: 375

Skill: Applied

158) What is bounded rationality? How can it lead to difficulties in identifying potential problems?

Answer: Bounded rationality is a decision strategy that relies on limited information and reflects time constraints and political considerations. It can lead to the following difficulties in problem identification: perceptual defence, problems being defined in terms of either functional specialties or solutions, and problems being diagnosed in terms of symptoms.

Page Ref: 377

Skill: Recall

159) Is it possible for a manager to have too much information when faced with an ill-structured problem? Explain.

Answer: Yes, and it is called information overload—the reception of more information than is necessary to make effective decisions. Information overload can lead to errors, omissions, delays and cutting corners.

Page Ref: 379

Skill: Applied

160) Suzie Desouza, the Manager of Industrial Relations at Zeta Manufacturing, has just come from a ten hour marathon meeting with the union negotiators who represent the workers in the assembly plant. The union leaders have tabled their final offer and are threatening to call a strike if management does not accept it. Suzie now has to meet with her boss, Gordon Wong, and brief him on the union's final offer. Suzie is hopeful that Gordon will accept the union's terms, but she is not sure how to frame the cost arguments in order to achieve this objective. In her meeting with Gordon the next morning she summarizes the impact of the union's offer as follows: "If we accept their offer, it will cost us an extra \$10 million over the next three years. However, if we reject their offer, there's a 50 percent chance that it will cost us more than \$10 million — perhaps as much as \$20 million; but also a 50 percent chance that it will cost us less — perhaps much less." Do you think Gordon will accept or reject the union's offer? Use your knowledge of framing bias to explain why.

Answer: According to the findings of Kahneman and Tversky cited in the text, Gordon will most likely reject the union offer because it has been framed as a choice between two losses. To improve her chances of getting Gordon's approval, she might try framing the union's offer in terms of gains — e.g. if we accept this offer, it could save as much as \$10 million over three years; if we reject this offer and engage in protracted negotiations, there is a 50 percent chance that we will save more than \$10 million.

Page Ref: 382

Skill: Applied

161) Robert Leung is the leader of a product development project at Kapster Enterprises. He has spent nearly two years on the project, which is now nine months behind schedule and approximately 50 percent over budget. In the meantime, a competitor has introduced a similar product which is rapidly penetrating the market; thereby reducing the remaining market potential for Kapster. Yet, Robert feels that their product will be superior to the competitor's, and he is preparing a report for his boss to request additional funds in order to complete the development phase and debug the product prototype. He is hoping that his boss will approve the request, since he has supported the project this far. If you were Robert's boss what problems associated with bounded rationality might you be concerned about?

Answer: Robert's boss should be concerned with the possibility that this project should be written-off as a sunk cost, and that any further investment in it may constitute an irrational escalation of commitment.

Page Ref: 383

Skill: Applied

162) Discuss the advantages and disadvantages of group decision making.

Answer: The main advantages of group decision making include higher quality decisions, higher levels of decision acceptance and commitment, and diffusion of responsibility. The main disadvantages include conflict, domination by one or a few members, and groupthink.

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Skill: Recall

163) What is groupthink? What are its symptoms? How can it be prevented?

Answer: Groupthink is the capacity for group pressure to damage the mental efficiency, reality testing and moral judgment of decision making groups. Symptoms include the illusion of invulnerability, rationalization, the illusion of morality, stereotyping of outsiders, pressure to conform, self-censorship, the illusion of unanimity, and mindguards. Leaders can prevent it by not exerting undue pressure for a particular decision outcome and by encouraging dissent (e.g. appointing a devil's advocate).

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Skill: Applied

164) Comment on the following statement: "Good old-fashioned brainstorming is still the best way to achieve highly creative solutions because of the large number of ideas generated."

Answer: Research on brainstorming suggests that the statement is false; individuals working alone tend to generate more ideas than when in groups.

Page Ref: 395

Skill: Applied

165) Discuss the techniques that can be used to improve decision making in organizations.

Answer: Techniques to improve decision making in organizations include training discussion leaders, stimulating and managing controversy, traditional and electronic brainstorming, the nominal group technique, and the delphi technique.

Page Ref: 394

Skill: Recall

166) Discuss the effect of mood on decision making. What kind of decisions most likely to be affected by mood, and what does research reveal about moods and decision making?

Answer: Mood affects what and how people think when making decisions. Mood has its greatest impact on uncertain and ambiguous decisions. Research on mood and decisions making reveals the following: people in a positive mood remember positive information; people in a positive mood evaluate objects, people, and events more positively; people in a good mood overestimate the likelihood that good events will occur and underestimate the occurrence of bad events; people in a good mood adopt simplified, short-cut decision-making strategies, more likely violating the rational model; positive mood promotes more creative, intuitive decision making.

Page Ref: 386

Skill: Recall

167) Give an example of escalating commitment and discuss four ways to prevent the tendency to escalate commitment to a failing course of action.

Answer: An example is the executive who authorizes the purchase of several new machines to improve plant productivity. The machines turn out to be very unreliable, and they are frequently out of commission for repairs. Perfect rationality suggests admitting to a mistake. However, the executive might authorize an order for more machines from the same manufacturer to "prove" that he was right all along, hoping to recoup sunk costs with improved productivity from an even greater number of machines. Four ways to prevent escalation include: encourage continuous experimentation with reframing the problem to avoid the decision trap of feeling more resources have to be invested; set specific goals for the project in advance that must be met if more resources are to be invested; place more emphasis in evaluating managers on how they made decisions and less on decision outcomes; separate initial and subsequent decision making so that individuals who make the initial decision to embark on a course of action are assisted or replaced by others who decide if a course of action should be continued.

Page Ref: 383

Skill: Applied

168) What is escalation of commitment and what are the reasons for why it occurs?

Answer: Escalation of commitment refers to the tendency to invest additional resources to an apparently failing course of action. There are a number of reasons for why it occurs including: dissonance reduction; a social norm that favours consistent behaviour by managers; decision makers might be motivated to not appear wasteful; the way that decision makers frame the problem once some resources have been sunk; personality, moods, and emotions can also affect escalation. People high on neuroticism and negative affectivity are less likely to escalate.

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Skill: Recall