

## Multiple Choice Questions

### CHAPTER INTRODUCTION

102. The dynamic new workplace of the 21<sup>st</sup> century is characterized by:
- A. A highly competitive global economy, driven by innovation and technology, that has created both unparalleled opportunities and unprecedented uncertainties.
  - B. Smart people and smart organizations creating their own futures.
  - C. Progressive companies sharing an important commitment to people
  - D. All of the above.
  - E. None of the above.
- D      GT      Fa
103. The best employers share all of the following characteristics EXCEPT:
- A. They have high performance expectations.
  - B. They provide employees with both valued rewards and respect for work-life balance.
  - C. They are extremely good at attracting and retaining talented employees.
  - D. They excel at fully utilizing employees' talents and valuing their contributions.
  - E. They excel at exploiting the natural environment.
- E      GT      Fa
104. \_\_\_\_\_ are successful because they are better than their competitors at gaining extraordinary results from the people working for them.
- A. North American companies.
  - B. Japanese companies.
  - C. High technology companies.
  - D. High-performing companies.
  - E. Companies that embrace diversity.
- D      GT      Fa
105. \_\_\_\_\_ introduces a person to the concepts, themes, and directions that are consistent with career success and organizational leadership in today's high-performance work settings.
- A. The study of workforce diversity.
  - B. The study of management.
  - C. The study of the global economy.
  - D. The study of decision making.
  - E. The study of great leaders.
- B      GT      Fa
106. The study of \_\_\_\_\_ should enable an individual to learn as much as possible to prepare for a career-long commitment to getting great things accomplished by working with and valuing people.
- A. Management.
  - B. The global economy.
  - C. Decision making.
  - D. Great leaders.
  - E. Information technology.
- A      GT      Fa

**WORKING IN THE NEW ECONOMY (STUDY QUESTION 1)**

107. Which statement does NOT accurately characterize the nature of the new economy?
- A. It is an economy rich with challenging opportunities.
  - B. It is a networked economy in which the Internet increasingly influences people, institutions, and nations.
  - C. It is a networked economy where people and institutions but not nations are influenced by continuing developments in information technology.
  - D. It is an economy full of dramatic uncertainties.
  - E. It is the economy in which people now live and work.
- C      GT      Fa
108. Which of the following attributes accurately describes the new economy?
- A. The new economy is a global economy.
  - B. The new economy is knowledge based.
  - C. The new economy is performance driven.
  - D. All of these are attributes of the new economy.
  - E. Only alternatives A and C describe attributes of the new economy.
- D      GT      Fa
109. Which of the following concepts does NOT accurately describe organizational practices in the new economy?
- A. Respect.
  - B. Empowerment.
  - C. Teamwork.
  - D. Command and control.
  - E. Self-management.
- D      GT      Fa
110. All of the following concepts accurately describe the redefinition of careers in the new economy EXCEPT:
- A. Guaranteed long-term employment.
  - B. Flexibility.
  - C. Entrepreneurship.
  - D. Free agency.
  - E. Skill portfolios.
- A      GT      Fa

***Intellectual Capital***

111. The ultimate foundation of organizational performance is \_\_\_\_\_.
- A. The availability and amount of financial capital.
  - B. The production of quality goods or the provision of quality services.
  - C. What people know, what people learn, and what people do with what they know and learn.
  - D. Computer-based technology.
  - E. Inspirational and transformational leadership.
- C      GT      Fa

112. \_\_\_\_\_ is the collective brainpower or shared knowledge of a workforce that can be used to create value.  
 A. Managerial expertise.  
 B. Intellectual capital.  
 C. A learning organization.  
 D. Knowledge management.  
 E. Managerial competency.  
 B KT Fa
113. Someone whose mind is a critical asset to employers and who adds to the intellectual capital of the organization is a(n) \_\_\_\_\_.  
 A. Administrator.  
 B. Top-level manager.  
 C. Functional manager.  
 D. Information competent manager.  
 E. Knowledge worker.  
 E KT Fa
114. Having a successful career in the new economy requires a person to \_\_\_\_\_.  
 A. Be willing to achieve greater personal competency and accomplishment.  
 B. Have a variety of personal experiences working in foreign countries.  
 C. Be a self-starter and willing to continuously learn.  
 D. A and B.  
 E. A and C.  
 E GT Fa

**Globalization**

115. \_\_\_\_\_ is the worldwide interdependence of resource flows, product markets, and business competition that characterizes the new economy.  
 A. Economic internationalization.  
 B. International management.  
 C. Globalization.  
 D. World interdependence.  
 E. Cross-cultural business.  
 C KT Fa
116. Which of the following statements accurately describes the impact of the global economy?  
 A. The world is increasingly arranged in regional economic blocks.  
 B. Government leaders in our global economy are concerned about the competitiveness of nations.  
 C. The national boundaries of business are disappearing.  
 D. All of the above.  
 E. None of the above.  
 D GT Fa

117. In a(n) \_\_\_\_\_, countries and peoples are increasingly interconnected with respect to labour markets and business dealings.
- A. Ethical world.
  - B. Globalized world.
  - C. Ethnocentric world.
  - D. Socially responsible world.
  - E. Ethnically diverse world.
- B      GT      Fa

**Technology**

118. \_\_\_\_\_ and \_\_\_\_\_ help organizations of all types and sizes, locally and internationally, to speed transactions and improve decision making.
- A. The United Nations ... computers.
  - B. The United States Department of Commerce ...the World Trade Organization.
  - C. The Internet ... information technology.
  - D. Information technology ... a diverse workforce.
  - E. Globalization ... ethics.
- C      GT      Fa
119. Which of the following statements does NOT describe an implication of technology for the new economy?
- A. Technology is an indispensable part of everyday operations in all types of businesses.
  - B. Computer literacy must be mastered and continuously updated as a foundation for career success.
  - C. In virtual space, people in remote locations can hold meetings, share information and files, make plans, and solve problems together.
  - D. The demand is increasing for knowledge workers with the skills to effectively utilize technology.
  - E. Work in most organizations will still be the same even with computers and high technology.
- E      GT      Fa
120. Several technological trends are occurring in the new economy. Which of the following is NOT one of these trends?
- A. The Internet, World Wide Web, computers, and information technology have transformed and continue to transform the modern workplace.
  - B. The demand for knowledge workers with the skills to utilize technology to full advantage is increasing.
  - C. Computer competency must be mastered and continuously developed as a foundation for career success.
  - D. Low-skill workers who are displaced from declining industries will not need to re-tool their skills to find adequate alternative employment.
  - E. The rate of technological change will continue to accelerate.
- D      GT      Fa

**Diversity**

121. **When a company's managerial accountability includes supporting employment opportunities and upward mobility for women, minorities, handicapped persons and people between the ages of 50 and 70, the company is \_\_\_\_\_.**  
 A. Providing good working conditions for employees.  
 B. Practicing ethical behavior.  
 C. Valuing workforce diversity.  
 D. Operating according to the Business Fairness and Civil Equities Act.  
 E. Promoting differential treatment for some people.  
 C      KT      Ap
122. Differences among members of the workforce — such as age, gender, religion, national origin, sexual orientation, and able-bodiedness — are characteristics of \_\_\_\_\_.  
 A. Organizational gaps.  
 B. Workforce diversity.  
 C. Cultural similarities.  
 D. Economic barriers for workforce development.  
 E. Management challenges.  
 B      KT      Fa
123. From a managerial perspective, holding negative, irrational opinions and attitudes toward members of diverse populations is considered to be \_\_\_\_\_.  
 A. Unholy.  
 B. An injustice.  
 C. Illegal.  
 D. Prejudice.  
 E. A good practice.  
 D      KT      Fa
124. Treating minority members unfairly and denying them the full benefits of organizational membership is called \_\_\_\_\_.  
 A. Prejudice.  
 B. Discrimination.  
 C. The glass ceiling effect.  
 D. Poor quality of work life.  
 E. Selective human resource management.  
 B      KT      Fa
125. The existence of an invisible barrier that prevents women and minorities from rising above a certain level of organizational responsibility is called the \_\_\_\_\_.  
 A. Harassment effect.  
 B. Glass ceiling effect.  
 C. Mirrored wall effect.  
 D. Promotion barrier.  
 E. Sticky floor effect.  
 B      KT      Fa

**Ethics**

126. \_\_\_\_\_ is a code of moral principles that sets standards of what is “good” or “right” as opposed to being “bad” or “wrong.”
- A. A set of norms.
  - B. The glass ceiling standard.
  - C. A global moral agreement.
  - D. Ethics.
  - E. A United Nations credo.
- D      KT      Fa
127. **A well-known business executive goes to jail for not revealing a personal financial interest in a project that will significantly benefit company profits. This executive’s action is an example of \_\_\_\_\_.**
- A. Providing high company profits.
  - B. Maximizing personal objectives.
  - C. Ignoring managerial ethics.
  - D. Adhering to departmental policies.
  - E. Performing autocratic leadership.
- C      GT      Ap
128. **Which of the following are appropriate targets for ethical and social responsibility issues?**
- A. **Concerns for the natural environment.**
  - B. Protection of consumers.
  - C. Protection of human rights.
  - D. All of the above.
  - E. None of the above.
- D      GT      Ap
129. **In the 21<sup>st</sup> century, organizations and their members will encounter all of the following ethical expectations EXCEPT:**
- A. The expectation of treating customers right and acting in ways consistent with society’s values.
  - B. The expectation of sustainable development and protection of the natural environment.
  - C. The expectation of protecting consumers through product safety and fair practices.
  - D. The expectation of protecting human rights, including employment policies and practices.
  - E. The expectation that stockholders’ interests should be the primary consideration when organizations make decisions affecting the environment.
- E      GT      Ap
130. \_\_\_\_\_ refers to a board of directors actively overseeing management decisions and company actions.
- A. The Director’s Club.
  - B. Corporate governance.
  - C. Managerial protectiveness.
  - D. Directorial prejudice.
  - E. Company visioning.
- B      KT      Fa

**Careers**

131. According to British scholar Charles Handy, the Irish shamrock can be used to describe which set of changing employment patterns in organizations?
- Full-time workers, part-time workers, and temporary workers.
  - Contract workers, full-time workers, and core employees.
  - Core workers, contract workers, and part-time workers.
  - Skilled workers, unskilled labourers, and contract workers.
  - Technical employees, unskilled labourers, and skilled workers.
- C GT Fa
132. According to Charles Handy, a \_\_\_\_\_ is a person who pursues a traditional career path.
- Temporary skilled worker.
  - Contract worker.
  - Part-time worker.
  - Core worker.
  - Service worker.
- D GT Fa
133. In Charles Handy's description of changing careers, a person who performs specific tasks as needed and is compensated on a fee-for-services basis is a \_\_\_\_\_.
- Service worker.
  - Holiday worker.
  - Contract worker.
  - Licensed worker.
  - Part-time worker.
- C GT Fa
134. In Charles Handy's use of the Irish shamrock to describe changing careers, a person who is hired as needed and for only the number of hours needed is known as a \_\_\_\_\_.
- Restricted worker.
  - Holiday worker.
  - Contract worker.
  - Dispensable worker.
  - Part-time worker.
- E GT Fa
135. The typical career in the 21<sup>st</sup> century \_\_\_\_\_.
- Won't be uniformly full-time and limited to a single organization.
  - Will require skills to be portable and of value to more than one employer.
  - Will require skills to be carefully maintained and upgraded over time.
  - All of the above.
  - None of the above.
- D GT Fa

**ORGANIZATIONS IN THE NEW WORKPLACE (STUDY QUESTION 2)**

136. Which of the following statements does NOT accurately describe organizations in the new workplace?
- A. Organizations in the new workplace are tied to connectivity made possible by information technology.
  - B. Organizations in the new workplace are challenging settings that provide exciting opportunities and possibilities.
  - C. Organizations in the new workplace should make real and positive contributions to society.
  - D. Organizations are the principal source of careers and people's economic livelihood.
  - E. Organizations in the new workplace eliminate the need for people to decide who or what they want to work for.
- E      GT      Fa
137. Which of the following is not one of the critical survival skills for the new workplace that is identified in the text?
- A. Entrepreneurship.
  - B. Love of technology.
  - C. Marketing.
  - D. Finance.
  - E. Passion for renewal.
- D      MN      Fa
138. To survive in the new workplace, people must do all of the following EXCEPT:
- A. Be able to contribute something of value to their employers.
  - B. Have links with peers and others inside and outside the organization in order to get things done.
  - C. Be able to communicate personal and work group successes and progress.
  - D. Act as if they are running their own businesses.
  - E. Have an extensive knowledge of computer languages and their applications.
- E      MN      Fa

**What Is an Organization?**

139. An organization is a \_\_\_\_\_.
- A. A collection of people working competitively to carry out the mission.
  - B. A collection of people working together to achieve a common purpose.
  - C. A collection of people accountable to a single manager.
  - D. A collection of people working in different departments.
  - E. A collection of people working together in a business.
- B      KT      Fa
140. Providing useful \_\_\_\_\_ or \_\_\_\_\_ is a broad purpose that all organizations share.
- A. Information ... advertising.
  - B. Repair parts ... replacement modules.
  - C. Goods ... services.
  - D. Structures ... technologies.
  - E. Computer technology ... Internet access.
- C      GT      Fa

141. A clear sense of purpose that is tied to \_\_\_\_\_ is increasingly viewed as a source of organizational strength and performance advantage.
- A. Making a profit and providing a high return to stockholders.
  - B. Producing quality products and providing customer satisfaction.
  - C. Producing goods and services for worldwide consumption.
  - D. Making the highest return on investment and having the greatest profitability.
  - E. Expanding through mergers and acquisitions.
- B GT Ap

### *Organizations as Systems*

142. Organizations are systems composed of \_\_\_\_\_.
- A. Various subsystems, each of which works for separate goals.
  - B. Sets of organizational policies and processes.
  - C. Interdependent parts that function together to achieve a common purpose.
  - D. Different groupings of independent job tasks.
  - E. Completely independent subsystems that interact with their environments.
- C GT Fa
143. Which of the following accurately describes an open system?
- A. An open system is permissive in observing the rules of management science.
  - B. An open system is a collection of subsystems that do not relate to one another.
  - C. An open system is consistent with the Theory Y system of management.
  - D. An open system interacts with the external environment in a continual process of transforming resource inputs into product outputs in the form of finished goods and/or services.
  - E. An open system treats its employees as responsible adults.
- D KT Fa
144. Which of the following statements accurately describes the open systems model of organizations?
- A. The environment provides resource inputs including finished goods and/or services.
  - B. The organization creates a transformation process for turning resource inputs into outputs.
  - C. The environment consumes product outputs including people, money, materials, technology, and information.
  - D. Resource inputs affect product outputs through a feedback loop.
  - E. Workflows are part of the resource inputs.
- B GT Fa
145. Which statement(s) regarding an organization's environment is/are true?
- A. The environment is a critical element of the open systems model.
  - B. The environment is a supplier of resources and a source of customers.
  - C. Feedback from the environment tells an organization how well it is doing.
  - D. All of these are true statements regarding an organization's environment.
  - E. All of these are false statements regarding an organization's environment.
- D GT Fa

**Organizational Performance**

146. \_\_\_\_\_ refers to the operation through which a business or nonprofit organization can add value to the original cost of resource inputs while the business organization earns a profit or the nonprofit organization adds wealth to society.
- A. The systems and operations channel.
  - B. The transmission process.
  - C. Value creation.
  - D. Production and operations management.
  - E. The marketing channel.
- C      GT      Fa
147. If an operation adds value to the original cost of resource inputs, nonprofit organizations \_\_\_\_\_ and business organizations \_\_\_\_\_.
- A. Earn a profit ... add wealth to society.
  - B. Add wealth to society ... earn a profit.
  - C. Earn a profit ... promote corporate social responsibility.
  - D. Add wealth to society ... avoid the need for corporate governance.
  - E. Promote corporate social responsibility ... earn a huge market share.
- B      GT      Fa
148. \_\_\_\_\_ refers to the quantity and quality of work performance, with resource utilization taken into account.
- A. Effectiveness.
  - B. Efficiency.
  - C. Profitability.
  - D. Productivity.
  - E. Asset management.
- D      KT      Fa
149. An output measure of task or goal accomplishment is called \_\_\_\_\_.
- A. Performance efficiency.
  - B. Productivity.
  - C. The bottom line.
  - D. Performance effectiveness.
  - E. Organizational competency.
- D      KT      Fa
150. A measure of the resource cost associated with goal accomplishment is called \_\_\_\_\_.
- A. Performance efficiency.
  - B. Productivity.
  - C. The bottom line.
  - D. Performance effectiveness.
  - E. Organizational competency.
- A      KT      Fa

151. Which of the following statements does NOT accurately describe the impact of resource utilization and goal attainment on organizational performance?
- A. When resource utilization is poor and goal attainment is low, organizational performance is neither effective nor efficient.
  - B. When resource utilization is good and goal attainment is low, organizational performance is efficient but not effective.
  - C. When resource utilization is poor and goal attainment is high, organizational performance is effective but not efficient.
  - D. When resource utilization is good and goal attainment is high, organizational performance is both effective and efficient.
  - E. Organizational performance is unaffected by poor versus good resource utilization and low versus high goal attainment.
- E     GT     Fa
152. A manager who emphasizes cost containment, even at the expense of missing production targets, is more interested in \_\_\_\_\_ than in \_\_\_\_\_.
- A. Performance efficiency ... performance effectiveness.
  - B. Performance effectiveness ... performance efficiency.
  - C. Productivity ... performance efficiency.
  - D. Productivity ... performance effectiveness.
  - E. Productivity ... quality of work life.
- A     GT     Ap

**Changing Nature of Organizations**

153. Organizations are changing in a variety of ways. Which of the following is NOT one of the ways mentioned in the text?
- A. Preeminence of technology.
  - B. Demise of command-and-control.
  - C. Progressive brand marketing.
  - D. Belief in human capital.
  - E. Emphasis on teamwork.
- C     GT     Fa
154. Organizations are changing in a variety of ways. Which of the following is NOT one of the ways mentioned in the text?
- A. New workforce expectations.
  - B. Focus on speed.
  - C. Embrace of networking.
  - D. Focus on profitability.
  - E. Concern for work-life balance.
- D     GT     Fa

155. Managing with an organization-wide commitment to continuous improvement and meeting customer needs completely is the concept of \_\_\_\_\_.
- A. Good leadership.
  - B. Total quality management.
  - C. Systems theory.
  - D. Organizational behavior.
  - E. Theory Z.
- B      KT      Fa

### MANAGERS IN THE NEW WORKPLACE (STUDY QUESTION 3)

**156. Which of the following statements about toxic workplaces is/are true?**

- A. Employees are valuable strategic assets.
  - B. Employees are mainly costs to be reduced.
  - C. Toxic organizations are very different from high-performing organizations.
  - D. A and C are true.
  - E. B and C are true.
- E      GT      Ap

***What Is a Manager?***

157. A manager may be described as \_\_\_\_\_.
- A. Someone who directly supports and helps activate the work efforts and performance accomplishments of others.
  - B. Someone who is unswervingly loyal to the organization.
  - C. Someone who has mastered the hierarchy of authority.
  - D. Someone who contends with corporate politics.
  - E. Someone who tries to produce as much output with as little personal input as possible.
- A      KT      Fa
158. Which of the following statements accurately describes managers?
- A. Managers are responsible for their own work as well as the overall performance accomplishments of a team, work group, department, or entire organization.
  - B. Managers help others to achieve high performance.
  - C. Managers have the most vital job in society.
  - D. All of the above.
  - E. None of the above.
- D      GT      Fa

**Levels and Types of Managers**

159. According to a *Wall Street Journal* report, managers in contemporary society, are expected to be skilled at doing all of the following EXCEPT:
- A. Organizing complex subjects.
  - B. Solving problems.
  - C. Communicating ideas.
  - D. Making swift decisions.
  - E. Developing new products.
- E      GT      Fa
160. **When managers are classified according to hierarchical level they are described as \_\_\_\_\_.**
- A. Experienced and inexperienced.
  - B. Headquarters and branch.
  - C. Top, middle, and team leaders or supervisors.
  - D. Functional, staff, and line.
  - E. Administrative and general.
- C      GT      Ap
161. \_\_\_\_\_ are responsible for the performance of the organization as a whole or of one of its major parts.
- A. Top managers.
  - B. Middle managers.
  - C. Team leaders or supervisors.
  - D. Functional managers.
  - E. General managers.
- A      KT      Fa
162. **Which of the following statements does NOT accurately describe the activities of top managers?**
- A. Top managers pay special attention to the external environment.
  - B. Top managers are alert to potential long-run problems and opportunities, and develop appropriate ways of dealing with them.
  - C. Top managers develop and implement actions plans to accomplish organizational objectives.
  - D. Top managers create and communicate long-term vision.
  - E. Top managers ensure that strategies and objectives are consistent with the organization's mission.
- C      GT      Ap
163. \_\_\_\_\_ are in charge of relatively large departments or divisions consisting of several smaller work units.
- A. Top managers.
  - B. Middle managers.
  - C. Team leaders or supervisors.
  - D. Functional managers.
  - E. General managers.
- B      KT      Fa

164. Which statement about middle management is TRUE?
- A. Middle management includes executives and vice presidents.
  - B. Middle managers work with top managers and coordinate with peers to develop and implement action plans to accomplish organizational objectives
  - C. Middle managers develop high-level action plans for implementation by persons working below them.
  - D. Middle managers do not have other managers reporting to them.
  - E. Middle managers constitute the first level of an organization's hierarchy of authority.
- B GT Fa
165. A person who coordinates complex projects with task deadlines and does so while working with many persons of different expertise both inside and outside the organization is called a \_\_\_\_\_.
- A. Group supervisor.
  - B. Staff manager.
  - C. Team leader.
  - D. Project manager.
  - E. Labour leader.
- D KT Fa
166. A \_\_\_\_\_ is a person who is in charge of a small work group composed of nonmanagerial workers.
- A. Staff manager.
  - B. Line manager.
  - C. Team leader.
  - D. Middle manager.
  - E. Functional manager.
- C KT Fa
167. The responsibilities of team leaders and supervisors include all of the following EXCEPT:
- A. Planning meetings and work schedules.
  - B. Clarifying goals and tasks and gathering ideas for improvement.
  - C. Recommending pay increases and new assignments.
  - D. Paying attention to long-run problems and opportunities in the external environment.
  - E. Recruiting, training, and developing team members.
- D MN Fa
168. The responsibilities of team leaders and supervisors include all of the following EXCEPT:
- A. Encouraging high performance and teamwork.
  - B. Informing team members about organizational goals and expectations.
  - C. Informing higher levels of team needs and accomplishments.
  - D. Coordinating with other teams and supporting their work efforts.
  - E. Developing and implementing action plans for large departments or divisions.
- E MN Fa

169. \_\_\_\_\_ pursue work unit performance objectives that are consistent with higher-level organizational goals.  
 A. Top managers.  
 B. Middle managers.  
 C. Team leaders or supervisors.  
 D. Functional managers.  
 E. General managers.  
 C GT Fa
170. Managers who have responsibility for work activities that make a direct contribution to producing the organization's product or service are called \_\_\_\_\_.  
 A. General managers.  
 B. Administrators.  
 C. Middle managers.  
 D. Staff managers.  
 E. Line managers.  
 E KT FA
171. **In a department store, a department supervisor would be considered to be \_\_\_\_\_.**  
 A. A line manager.  
 B. A staff manager.  
 C. A general manager.  
 D. An administrator.  
 E. An executive.  
 A GT Ap
172. Managers who use their special technical expertise to support the efforts of line workers are called \_\_\_\_\_.  
 A. Line managers.  
 B. Staff managers.  
 C. Engineers.  
 D. General managers.  
 E. Administrators.  
 B KT Fa
173. \_\_\_\_\_ managers use their special technical expertise to support the efforts of \_\_\_\_\_ managers.  
 A. General ... functional.  
 B. Administrative ... general.  
 C. Higher-level ... lower-level.  
 D. Staff ... line.  
 E. Line ... staff.  
 D KT Fa

174. A manager who has responsibility for a single area of activity in the organization is \_\_\_\_\_.
- A. A staff manager.
  - B. A line manager.
  - C. A functional manager.
  - D. A general manager.
  - E. An administrator.
- C      KT      Fa
175. A manager who is responsible for complex organizational units that include many functional areas of activity is \_\_\_\_\_.
- A. An administrator.
  - B. A multifunctional manager.
  - C. A technocrat.
  - D. A team captain.
  - E. A general manager.
- E      KT      Fa
176. **A plant manager who oversees the purchasing, manufacturing, warehousing, sales, and personnel functions may be described as \_\_\_\_\_.**
- A. A general manager.
  - B. An administrator.
  - C. A functional manager.
  - D. A staff manager.
  - E. A controller.
- A      GT      Ap
177. Managers who work in public or nonprofit organizations are called \_\_\_\_\_.
- A. Staff managers.
  - B. Line managers.
  - C. Functional managers.
  - D. General managers.
  - E. Administrators.
- E      KT      Fa
178. **Which statement concerning managers and administrators is TRUE?**
- A. Administrators deal with material resources, while managers deal with human resources.
  - B. Administrators deal with human resources, while managers deal with material resources.
  - C. Administrators cannot be managers and managers cannot be administrators.
  - D. Nonprofit organizations do not have managers; business enterprises do not have administrators.
  - E. Administrators are managers who work in public or nonprofit organizations.
- E      GT      Ap

**Managerial Performance**

179. The organizational requirement for one person to answer back to a higher authority for performance results in his or her area of work responsibility is known as \_\_\_\_\_.
- A. Productivity.
  - B. Quality management.
  - C. Accountability.
  - D. Hierarchical monitoring.
  - E. Performance assurance.
- C      KT      Fa
180. Truly effective managers utilize organizational resources in ways that result in both \_\_\_\_\_ and \_\_\_\_\_.
- A. High-performance outcomes ... high levels of satisfaction for the workers.
  - B. High-performance outcomes ... high returns to the stockholders.
  - C. High-quality products or services ... high returns to the stockholders.
  - D. High profit margins ... large market shares.
  - E. High returns to the stockholders ... high levels of satisfaction for the workers.
- A      GT      Fa
181. The overall quality of human experiences in the workplace is known as \_\_\_\_\_.
- A. Human conditions analysis.
  - B. Standards for workplace experiences.
  - C. Quality of work life.
  - D. Total quality management.
  - E. Quality assurance.
- C      KT      Fa
- 182. Which statement about quality of work life (QWL) is FALSE?**
- A. QWL expresses true respect for people at work.
  - B. QWL is part of any manager's accountability.
  - C. QWL provides for protection of individual rights.
  - D. QWL deals with human resource utilization in the performance process.
  - E. QWL changes very little during tough economic times.
- E      GT      Ap

**Changing Nature of Managerial work**

183. High-performing managers are good at doing all of the following EXCEPT:
- A. Building working relationships with others.
  - B. Creating a work environment that is only performance-driven.
  - C. Helping others to develop their skills and performance competencies
  - D. Fostering teamwork.
  - E. Creating a work environment that fosters both performance and satisfaction.
- B      GT      Fa

184. When the operating workers are near the top of the organization, just below the customers and clients they serve, and are supported by the managers located at the bottom, the organization is operating with \_\_\_\_\_.
- An ineffective management concept.
  - A wrong-sided pyramid.
  - An out-dated organizational chart.
  - An upside-down pyramid.
  - An upside-down organizational chart.
- D GT Fa
185. An upside-down pyramid has several practical implications. Which of the following is/are included among these practical implications?
- Each individual is a value-added worker who creates eventual value for the organization's customers or clients.
  - A manager's job is to support workers' efforts to add value to the organization's goods or services.
  - The best managers are often known for "helping" and "supporting" rather than "directing" and "order-giving."
  - All of the above are practical implications of the upside-down pyramid.
  - None of the above is a practical implication of the upside-down pyramid.
- D GT Fa
- 186. Managerial work is changing in all of the following ways EXCEPT:**
- The best managers are known more for "helping" and "supporting" rather than for "directing" and "order-giving."
  - Worker involvement and empowerment are critical building blocks of organizational success.
  - Human resources are indispensable, even with high technology.
  - The role of managers is to help workers serve customer needs.
  - Symbolically, managers remain at the top of the organizational pyramid.
- E GT Ap

#### THE MANAGEMENT PROCESS (STUDY QUESTION 4)

187. Which of the following statements accurately describe the management process?
- The management process involves using four functions to mobilize resources in order to perform important tasks and achieve organizational goals.
  - The management process is concerned with the mechanics, but not the results, of managing.
  - The management process is a formal system that removes responsibility for decision making from individual managers.
  - A and B.
  - A and C.
- A GT Fa

**Functions of Management**

188. \_\_\_\_\_ is the process of planning, organizing, leading, and controlling the use of resources to accomplish performance goals.
- A. Decision making.
  - B. Budgeting.
  - C. Globalization.
  - D. Management.
  - E. Strategizing.
- D      KT      Fa
189. The four basic functions of management are \_\_\_\_\_.
- A. Delegating, planning, organizing, and order giving.
  - B. Organizing, leading, controlling, and order giving.
  - C. Planning, organizing, leading, and controlling.
  - D. Delegating, leading, controlling, and decision making.
  - E. Planning, leading, controlling, and decision making.
- C      GT      Fa
190. Setting performance objectives and determining the action steps for accomplishing them describes the management function of \_\_\_\_\_.
- A. Planning.
  - B. Organizing.
  - C. Leading.
  - D. Controlling.
  - E. Decision making.
- A      KT      Fa
191. **Suppose that the company's president decides to develop a policy to increase the company's commitment to its employees and then develops a set of procedures to implement this policy. The president is practicing the management function of \_\_\_\_\_.**
- A. Decision making.
  - B. Planning.
  - C. Organizing.
  - D. Leading.
  - E. Controlling.
- B      KT      Ap
192. Assigning tasks, allocating resources, and arranging the coordinated activities of individuals and groups to implement plans describes the management function of \_\_\_\_\_.
- A. Delegating.
  - B. Planning.
  - C. Organizing.
  - D. Leading.
  - E. Controlling.
- C      KT      Fa

193. **Suppose that a manager sets up a committee to develop procedures for dealing with company-wide training needs and then assigns people to conduct specific training programs. This manager is performing which management function?**
- A. Planning.
  - B. Organizing.
  - C. Motivating.
  - D. Leading.
  - E. Controlling.
- B      KT      Ap
194. Arousing the enthusiasm of employees to work hard and inspiring their efforts to fulfill plans and accomplish objectives describes the management function of \_\_\_\_\_.
- A. Planning.
  - B. Organizing.
  - C. Order giving.
  - D. Leading.
  - E. Controlling.
- D      KT      Fa
194. **Suppose a manager starts an affirmative action program to increase opportunities for minority advancement and then clearly and convincingly communicates the objectives of the program to all employees. By doing this the manager gains their support and participation. This manager is performing which management function?**
- A. Planning.
  - B. Organizing.
  - C. Leading.
  - D. Motivating.
  - E. Controlling.
- C      KT      Ap
196. Measuring work performance, comparing results to objectives, and taking corrective action as needed describes the management function of \_\_\_\_\_.
- A. Planning.
  - B. Organizing.
  - C. Leading.
  - D. Controlling.
  - E. Delegating.
- D      KT      Fa
197. **When a manager monitors the progress of an affirmative action program to advance minorities within the corporation, reviews progress on changes in employee attitudes, calls a special meeting to discuss problems, and makes appropriate adjustments in the program, the manager is performing the function of \_\_\_\_\_.**
- A. Planning.
  - B. Organizing.
  - C. Leading.
  - D. Controlling.
  - E. Delegating.
- D      KT      Ap

**Managerial Activities and Roles**

198. Henry Mintzberg identified a set of roles that managers perform. These roles are grouped into which of the following three categories?
- A. Interpersonal, strategic, and decisional.
  - B. Strategic, informational, and authoritarian.
  - C. Interpersonal, informational, and decisional.
  - D. Supervisory, authoritarian, and decisional.
  - E. Supervisory, informational, and strategic.
- C      GT      Fa
199. Which of the following descriptions of Mintzberg's managerial roles is correct?
- A. Interpersonal roles include the monitor, disseminator, and spokesperson.
  - B. Informational roles include the figurehead, leader, and liaison.
  - C. Decisional roles include the entrepreneur, disturbance handler, resource allocator, and negotiator.
  - D. A and B are correct.
  - E. B and C are correct.
- C      GT      Fa
200. According to Henry Mintzberg, managerial roles that involve the giving, receiving, and analyzing of information are called \_\_\_\_\_.
- A. Informational roles.
  - B. Interpersonal roles.
  - C. Decisional roles.
  - D. Technical roles.
  - E. Conceptual roles.
- A      GT      Fa
201. According to Henry Mintzberg, managerial roles that involve interactions with people inside and outside the work unit are called \_\_\_\_\_.
- A. Informational roles.
  - B. Interpersonal roles.
  - C. Decisional roles.
  - D. Technical roles.
  - E. Human roles.
- B      GT      Fa
202. According to Henry Mintzberg, managerial roles that involve using information to make decisions in order to solve problems or address opportunities are called \_\_\_\_\_.
- A. Informational roles.
  - B. Interpersonal roles.
  - C. Decisional roles.
  - D. Technical roles.
  - E. Conceptual roles.
- C      GT      Fa

203. According to the research conducted on the nature of managerial work, which of the following is FALSE?
- A. Managers work at fragmented and varied tasks.
  - B. Managers work at an intense pace.
  - C. Managers work long hours.
  - D. Managers spend much time working alone.
  - E. Managers work with many communication media.
- D      GT      Fa

***Managerial Agendas and Networks***

204. According to John Kotter, two activities are fundamental to a general manager's success in mastering daily challenges. These two activities are \_\_\_\_\_.
- A. Negotiating and directing.
  - B. Motivating and controlling.
  - C. Planning and controlling.
  - D. Agenda setting and networking.
  - E. Communicating and leading.
- D      GT      Fa
205. When general managers develop action priorities for their jobs that include goals and plans spanning long and short time frames, they are performing the important activity of \_\_\_\_\_.
- A. Agenda setting.
  - B. Leading.
  - C. Motivating.
  - D. Controlling.
  - E. Information processing.
- A      GT      Fa
206. One conclusion of John Kotter's research on effective general managers is that they must pay attention to the importance of \_\_\_\_\_.
- A. Building organization structures that enforce discipline.
  - B. Motivating workers through incentive pay and reward plans.
  - C. Developing technical knowledge regarding the tasks at hand.
  - D. Building and maintaining good relationships with people whose help they may need to fulfill their agendas.
  - E. Serving as a figurehead in office ceremonies.
- D      GT      Fa

**LEARNING HOW TO MANAGE (STUDY QUESTION 5)**

207. Which of the following statements does NOT provide a correct description of the forces affecting lifelong learning?
- A. Workers are expected to become involved, fully participate, demonstrate creativity, and find self-fulfillment in their work.
  - B. Change is a way of life that demands new individual and organizational responses.
  - C. Workers are expected to be team players that understand the needs and goals of the total organization.
  - D. Only managers must be concerned about the demanding quest for high performance.
  - E. Workers are expected to use new technologies to their full advantage.
- D      GT      Fa
208. \_\_\_\_\_ is the process of continuously learning from our daily experiences and opportunities.
- A. Managerial learning.
  - B. Continuous improvement.
  - C. Lifelong learning.
  - D. Experienced-based skill development.
  - E. Competency acquisition.
- C      KT      Fa
209. **A commitment to \_\_\_\_\_ helps people to build portfolios of skills that are always up to date, job relevant, and valuable in a dynamic and ever-changing environment.**
- A. Organizational development.
  - B. Managerial activity.
  - C. Experienced-based skill development.
  - D. Competency acquisition.
  - E. Lifelong learning.
- E      GT      Ap

***Essential Managerial Skills***

210. In management, the ability to translate knowledge into action that results in desired performance is called \_\_\_\_\_.
- A. The managerial challenge.
  - B. The management process.
  - C. Performance effectiveness.
  - D. Performance efficiency.
  - E. A skill.
- E      KT      Fa

211. According to Robert Katz, the essential skills of management can be grouped into three categories. These categories are:
- A. Communicative, procedural, and strategic.
  - B. Communicative, technical, and human.
  - C. Human, supervisory, and conceptual.
  - D. Technical, human, and conceptual.
  - E. Procedural, supervisory, and strategic.
- D      GT      Fa
212. The ability to apply a special proficiency or expertise to perform specific tasks is known as \_\_\_\_\_.
- A. A technical skill.
  - B. A procedural skill.
  - C. An administrative skill.
  - D. A conceptual skill.
  - E. A supervisory skill.
- A      KT      Fa
213. **A manager who is using spreadsheet software to prepare a departmental budget is exercising a \_\_\_\_\_ skill.**
- A. Supervisory.
  - B. Conceptual.
  - C. Creative.
  - D. Technical.
  - E. Strategic.
- D      GT      Ap
214. \_\_\_\_\_ skills are most important at lower levels of managerial responsibility.
- A. Supervisory.
  - B. Human.
  - C. Technical.
  - D. Administrative.
  - E. Conceptual.
- C      GT      Fa
215. The ability to work well in cooperation with other persons is described as \_\_\_\_\_.
- A. A technical skill.
  - B. A human skill.
  - C. A communicative skill.
  - D. An administrative skill.
  - E. A conceptual skill.
- B      KT      Fa

216. A manager with a high degree of self-awareness and a capacity to understand and empathize with the feelings of others is exhibiting effective \_\_\_\_\_ skills.
- A. Technical.
  - B. Strategic.
  - C. Conceptual.
  - D. Learning.
  - E. Human.
- E GT Fa
217. An important component of \_\_\_\_\_ is the ability to manage ourselves and our relationships effectively, which is also known as \_\_\_\_\_
- A. Human skills ... emotional intelligence.
  - B. Human skills ... self-management.
  - C. Informational roles ... self-management.
  - D. Emotional intelligence ... interpersonal roles.
  - E. Emotional intelligence ... interactional skills.
- A KT Fa
218. The degree of importance associated with \_\_\_\_\_ skills remains relatively consistent across all levels of management.
- A. Technical.
  - B. Human.
  - C. Diagnostic.
  - D. Conceptual.
  - E. Analytical.
- B GT Fa
219. \_\_\_\_\_ skills include the ability to break down problems into smaller parts, to see the relationships among the parts, and to recognize the implications of any one problem for others.
- A. Strategic.
  - B. Administrative.
  - C. Conceptual.
  - D. Supervisory.
  - E. Holistic.
- C KT Fa
220. **A management team that is thinking critically and analytically in developing an organizational strategy for dealing with a highly competitive global environment is using \_\_\_\_\_ skills.**
- A. Technical.
  - B. Strategic.
  - C. Conceptual.
  - D. Learning.
  - E. Human.
- C GT Ap

221. Which statement concerning the relative importance of technical, human, and conceptual skills at different management levels is TRUE?
- A. Their relative importance tends to be about the same at each managerial level.
  - B. Technical skills are of greatest importance for middle managers.
  - C. Conceptual skills are most important for top managers.
  - D. Human skills are of greatest importance for lower-level managers.
  - E. Technical skills are not needed at all by top managers.
- C      GT      Fa

***Skill and Outcome Assessment***

222. A skill-based capability that contributes to high performance in a managerial job is called a \_\_\_\_\_.
- A. Managerial competency.
  - B. Technical skill.
  - C. Managerial skill.
  - D. Learned skill.
  - E. Success factor.
- A      KT      Fa
223. Managerial competencies are implied in which of the following managerial elements?
- A. The management processes of planning, organizing, leading, and controlling.
  - B. The information, interpersonal, and decision-making demands of managerial roles.
  - C. The managerial activities of agenda setting and networking.
  - D. All of the above reflect managerial competencies.
  - E. None of the above reflects managerial competencies.
- D      GT      Fa
224. Which of the following is NOT among the skills and personal characteristics that the text describes as providing a foundation for continued professional development and career success?
- A. The ability to share ideas and findings in clear written and oral expression.
  - B. The ability to work effectively as a team member and team leader.
  - C. The ability to initiate change in ambiguous situations.
  - D. The ability to gather and analyze information for creative problem solving.
  - E. The ability to sustain a positive impression, instill confidence, and maintain career advancement.
- C      GT      Fa
225. The text describes skills and personal characteristics that provide a foundation for continued professional development and career success. Which of the following is NOT one of these skills or personal characteristics?
- A. Teamwork.
  - B. Self-management.
  - C. Leadership.
  - D. Critical thinking.
  - E. Perceptual acuity.
- E      GT      Fa

## Multiple Choice Questions

### CHAPTER INTRODUCTION

112. Which statement accurately describes the role of management history relative to contemporary management thought?
- A. Since the world of work and business are changing — often dramatically in some industries — managers have little to gain from studying the history of management thought.
  - B. Many modern management concepts have parallels in some of the historical management writings.
  - C. Contemporary managers are not trying to reinvent management practice; rather they are trying to perfect ideas that have deep historical roots.
  - D. A and B.
  - E. B and C.
- E      GT      Fa
113. Which of the following statements is NOT an accurate description of the history of management?
- A. The history of management can be traced back as far as 5000 B.C.
  - B. Management activities have been important to the development of different civilizations.
  - C. Ideas of specialized tasks and division of labour helped to accelerate industrial change.
  - D. Mass production proved to be of little value in the modern economy.
  - E. Contemporary management thinking continues to develop rapidly.
- D      GT      Fa

### CLASSICAL MANAGEMENT APPROACHES (STUDY QUESTION 1)

114. The three branches of the classical approach to management are \_\_\_\_\_.
- A. Behaviourism, rationalism, and self-actualization.
  - B. Scientific management, administrative principles, and bureaucratic organization.
  - C. Authoritarian, permissive, and homeostatic.
  - D. Economic, modern, and self-actualizing.
  - E. Open, closed, and entropic.
- B      GT      Fa
115. Which of the following statements correctly pairs the classical management approach with its the major contributors?
- A. The major contributors to scientific management are Frederick Taylor and Max Weber.
  - B. The major contributors to administrative principles are Frank and Lillian Gilbreth
  - C. The major contributors to bureaucratic organization are Henri Fayol and Mary Parker Follett.
  - D. All of the above are correct.
  - E. None of the above is correct.
- E      GT      Fa
116. The view that people will rationally consider available opportunities and do whatever is necessary to achieve the greatest personal economic gain is the underlying assumption of which approach to management thought?

- A. Quantitative approach.
  - B. Socioeconomic approach.
  - C. Modern approach.
  - D. Classical approach.
  - E. Behavioural approach.
- D      GT      Fa

**Scientific Management**

117. According to Frederick Taylor, the principal object of management should be \_\_\_\_\_.
- A. Profitability.
  - B. Efficiency.
  - C. Achieving the greatest good for society.
  - D. The good of the community.
  - E. Securing maximum prosperity for employer and employee.
- E      GT      Fa
118. Who is known as the father of scientific management?
- A. Frank Gilbreth.
  - B. Max Weber.
  - C. Henri Fayol.
  - D. Frederick Taylor.
  - E. Henry Mintzberg.
- D      GT      Fa
119. A follower of Frederick Taylor would be least likely to try to \_\_\_\_\_.
- A. Make results-based compensation a performance incentive.
  - B. Select workers with the right abilities to do the job.
  - C. Offer workers proper training.
  - D. Motivate workers by encouraging them to work in small groups.
  - E. Train supervisors to support workers by carefully planning their work.
- D      MN      Ap
120. The practical lessons of scientific management include all of the following EXCEPT:
- A. Make results-based compensation a performance incentive.
  - B. Select workers with the right abilities to do the job.
  - C. Allow workers to have input into the determination of work methods and performance standards.
  - D. Carefully design jobs with efficient work methods.
  - E. Train supervisors to support workers by carefully planning their work.
- C      MN      Ap
121. \_\_\_\_\_ refer(s) to a job science that includes careful selection and training of workers along with proper supervisory support.
- A. Administrative principles.
  - B. Scientific management.
  - C. Contingency theory.
  - D. Self-actualization.
  - E. Fayol's principles of management.
- B      KT      Fa

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122. Which of the following is NOT one of the four principles of scientific management developed by Frederick Taylor?
- A. Develop a science for every job.
  - B. Carefully select workers with the right abilities for the job.
  - C. Carefully train workers to do the job and provide proper incentives.
  - D. Organize tasks into groups to encourage teamwork.
  - E. Provide management support for workers.
- D GT Fa
123. Oxford Industries Inc. installed a new computer system to clock every worker's pace to a thousandth of a second and to determine each worker's pay and bonus scale on the basis of his or her performance against the standard. This is an example of \_\_\_\_\_.
- A. Administrative principles.
  - B. Scientific management.
  - C. Contingency theory.
  - D. Self-actualization.
  - E. Fayol's principles of management.
- B GT Ap
124. \_\_\_\_\_ is the science of reducing a job or task to its basic physical motions.
- A. Job design.
  - B. Motion study.
  - C. Workflow analysis.
  - D. Task analysis.
  - E. Role analysis.
- B KT Fa
125. \_\_\_\_\_ pioneered the use of motion studies as a management tool:
- A. Frederick Herzberg.
  - B. Adam Smith.
  - C. Abraham Maslow.
  - D. Frank and Lillian Gilbreth.
  - E. Mary Parker Follett and James D. Mooney.
- D GT Fa
126. The work of Frank and Lillian Gilbreth on motion studies provided the basis for later advances in which of the following management areas?
- A. Job simplification.
  - B. Incentive wage plans.
  - C. Work standards.
  - D. All of the above.
  - E. None of the above.
- D GT Fa
127. United Parcel Service makes use of calibrated productivity standards as well as the timing of package sorting, delivery, and pickup to keep productivity at the highest level per employee. In developing worker productivity standards, UPS obviously makes use of \_\_\_\_\_.
- A. Behavioural theories.
  - B. Self-actualization.
  - C. Systems theory.
  - D. Motion studies.

- E. Administrative principles.  
 D GT Ap

**Administrative Principles**

128. Henri Fayol's \_\_\_\_\_ closely resemble the \_\_\_\_\_ that are used in contemporary businesses.  
 A. Three rules of management ... systems and contingency approaches.  
 B. Administrative principles ... systems and contingency approaches.  
 C. Five duties of management ... four functions of management.  
 D. Notions of planning and organizing ... ideas of command and coordination.  
 E. Principles of collective and social responsibility ... functions of management.  
 C GT Fa
129. According to Henri Fayol, the five rules of management are \_\_\_\_\_.  
 A. Foresight, organization, command, coordination, and control.  
 B. Authority, responsibility, discipline, remuneration, and initiative.  
 C. Centralization, stability, initiative, communication, and esprit de corps.  
 D. Prediction, hypothesis, observation, experimentation, and verification.  
 E. Standardization, centralization, negative entropy, communication, and homeostasis.  
 A GT Fa
130. Which of the following statements does NOT provide an accurate description of Henri Fayol's duties of management?  
 A. To complete a plan of action for the future.  
 B. To provide and mobilize resources to implement the plan.  
 C. To lead, select, and evaluate workers to get the best work toward the plan.  
 D. To ensure that employees fully develop their talents in order to take over managerial tasks.  
 E. To fit diverse efforts together, and ensure information is shared and problems are solved.  
 D GT Fa
131. Henri Fayol is noted for originating which of the following concepts?  
 A. The scalar chain principle.  
 B. The unity of command principle.  
 C. The unity of direction principle.  
 D. All of the above.  
 E. None of the above.  
 D GT Fa
132. The \_\_\_\_\_ principle, as defined by Henri Fayol, states that there should be a clear and unbroken line of communication from top to bottom in the organization's hierarchy of authority.  
 A. Scalar chain.  
 B. Unity of command.  
 C. Unity of direction.  
 D. Communication control.  
 E. Hawthorne.  
 A GT Fa
133. The \_\_\_\_\_ principle, as defined by Henri Fayol, states that each person should receive orders from only one boss.

- A. Scalar chain.  
B. Unity of command.  
C. Unity of direction.  
D. Management order.  
E. Organization.  
B GT Fa
134. The \_\_\_\_\_ principle, as defined by Henri Fayol, states that one person should be in charge of all activities having the same performance objective.  
A. Scalar chain.  
B. Unity of command.  
C. Unity of direction.  
D. Classical design.  
E. Hawthorne.  
C GT Fa
135. Mary Parker Follett, a classical management theorist, believed that \_\_\_\_\_.  
A. Groups were mechanisms through which diverse individuals could combine their talents for a greater good.  
B. Organizations are communities in which managers and workers should labour in harmony.  
C. The manager's job is to help people in organizations cooperate with one another and achieve an integration of interests.  
D. All of the above.  
E. None of the above.  
D GT Fa
136. Mary Parker Follett believed that making every employee an owner in the business would create feelings of \_\_\_\_\_.  
A. Collective responsibility.  
B. Stockholder ownership.  
C. Personal control.  
D. Individual achievement.  
E. Corporate sharing.  
A GT Fa
137. Mary Parker Follett believed that business problems involve a wide variety of factors that must be considered in relationship to one another. This belief foreshadowed the contemporary management concern with \_\_\_\_\_.  
A. Environmental analysis.  
B. Systems.  
C. Job design.  
D. Corporate culture.  
E. Multiculturalism.  
B GT Fa
138. Today's concerns for managerial ethics and corporate social responsibility were foreshadowed by the classical writings of \_\_\_\_\_ which argued that businesses were services and that private profits should always be considered in relation to the public good.  
A. Frederick Taylor.  
B. Henri Fayol.  
C. Mary Parker Follett.

- D. Max Weber.
- E. Lyndall Urwick.

C GT Fa

**Bureaucratic Organization**

139. Which of the following best states the impetus for the development of a bureaucratic organization?
- A. Max Weber was trying to define the one best way to perform a job.
  - B. Max Weber was attempting to upset German society.
  - C. Max Weber was reacting to the performance deficiencies in organizations of his day.
  - D. Max Weber was attempting to identify a common set of employee needs in German society.
  - E. Max Weber was interested in formulating exact rules of behaviour for German managers.
- C GT Fa
140. Max Weber was concerned that people in nineteenth century organizations were in positions of authority due to their \_\_\_\_\_ rather than their \_\_\_\_\_.
- A. Political connections ... leadership traits.
  - B. Social standing ... job-related capabilities.
  - C. Leadership qualities ... job requirements.
  - D. Economic wealth ... social standing.
  - E. Managerial competence ... economic wealth.
- B GT Fa
141. Max Weber believed that \_\_\_\_\_ could correct performance deficiencies in late 19<sup>th</sup> century German organizations.
- A. A loosely structured system.
  - B. Bureaucracy.
  - C. A contingent organization
  - D. An organic organization.
  - E. An adaptive organization.
- B GT Fa
142. \_\_\_\_\_ is an ideal, intentionally rational, and very efficient form of organization founded on the principles of logic, order, and legitimate authority.
- A. A democratically structured system.
  - B. A contingent organization
  - C. An organic organization.
  - D. An adaptive organization.
  - E. Bureaucracy.
- E KT Fa
143. Which of the following is NOT a characteristic of bureaucratic organizations?
- A. There is a clear division of labour and work duties and responsibilities are explicitly defined.
  - B. There is a clear hierarchy of authority and each position reports to a higher level one.
  - C. Organizational members are promoted on the basis of their social status.
  - D. Rules and procedures are applied impartially and uniformly.
  - E. Many written rules and procedures are used to guide job activities.
- C GT Fa

144. Weber's conception of bureaucratic organizations included all of the following characteristics EXCEPT:  
A. Clear division of labour.  
B. Clear hierarchy of authority.  
C. Formal rules and procedures.  
D. Impersonality.  
E. Careers based on social and/or political connections.  
E GT Fa
145. Assume that an organization has a clear division of labour, standard rules and procedures, a well-defined hierarchy of authority, members selected for technical competence, and explicitly defined duties and responsibilities. This is an example of \_\_\_\_\_.  
A. A closed system.  
B. An open system.  
C. A bureaucracy.  
D. Negative entropy.  
E. Scientific management.  
C GT Ap
146. Efficiency in the utilization of resources and fairness in the treatment of employees and clients are potential advantages of \_\_\_\_\_.  
A. A bureaucracy.  
B. An open system.  
C. A closed system.  
D. Scientific management.  
E. Self-actualization.  
A GT Fa
147. Red tape, slowness in handling problems, resistance to change, and employee apathy are disadvantages of which type of organization?  
A. Closed.  
B. Complex.  
C. Administrative  
D. Conservative  
E. Bureaucratic.  
E GT Fa
148. Which one of the following statements about bureaucracy is true?  
A. The work of Max Weber is too outdated to be used in the modern science of management.  
B. The work of Max Weber still has a major impact on the present trends and directions of management.  
C. The work of Max Weber influenced only European management thinkers.  
D. Bill Gates bases the operations of Microsoft on Max Weber's theories of specialization and division of labour.  
E. Max Weber believed that a bureaucracy was the most rigid and apathetic form of organization.  
B GT Fa

149. Current management trends regarding innovative organizational forms seek to \_\_\_\_\_.
- A. Achieve different structural goals than Weber pursued.
  - B. Achieve the same goals as Weber wanted to achieve but with different structural approaches.
  - C. Achieve the same goals as Weber pursued while using similar structural approaches.
  - D. Ignore Weber’s structural goals.
  - E. Create structures that are based on socioeconomic status.
- B GT Fa

**BEHAVIOURAL MANAGEMENT APPROACHES (STUDY QUESTION 2)**

150. The foundations of the behavioural (or human resource) approach to management include all of the following components EXCEPT:
- A. The Hawthorne Studies.
  - B. Maslow’s theory of human needs.
  - C. McGregor’s Theory X and Theory Y.
  - D. The human systems contingency model.
  - E. Argyris’s theory of personality and organization.
- D GT Fa
151. The behavioural (or human resource) approach to management basically assumes that \_\_\_\_\_.
- A. People at work will seek satisfying social relationships, respond to group pressures, and search for personal fulfillment.
  - B. Management problems are best solved by qualitative rather than by quantitative analysis.
  - C. People are easily understandable creatures.
  - D. People are completely rational and responsive to economic incentives.
  - E. Environmental reinforcements have little to do with people’s work behaviour.
- A GT Fa

***The Hawthorne Studies and Human Relations***

152. The Hawthorne Studies refer to \_\_\_\_\_ that was conducted at the Hawthorne Works of the Western Electric Company (predecessor to today’s Lucent Technologies).
- A. An intensive training program for workers.
  - B. An education program for fast-track managers.
  - C. A research program on technology.
  - D. A research program on management decision-making.
  - E. A research program on individual productivity.
- E GT Fa

153. Which one of the following statements does NOT accurately describe the illumination experiments of the Hawthorne Studies or one of the experiments conducted in response to the results found in the illumination experiments?
- A. The researchers expected that better lighting would improve performance.
  - B. The researchers found that performance and level of lighting were unrelated.
  - C. The researchers concluded that these unexpected results were due to unforeseen psychological factors.
  - D. The researchers explored various psychological and social factors in additional experiments.
  - E. The researchers confirmed the direct link between physical conditions of work and individual productivity.
- E      GT      Fa
154. A key conclusion from the Hawthorne relay assembly test room studies was that \_\_\_\_\_.
- A. Workers cannot be productive at various levels of illumination.
  - B. Workers are basically rational.
  - C. Workers perform well when they share pleasant social relations with one another and when supervision is participatory.
  - D. Workers are more productive when their pay scale is increased to match their effort.
  - E. Workers are more productive when their work areas are well lighted.
- C      GT      Fa
155. Which of the following statements about the Hawthorne Studies is incorrect?
- A. The studies were started to identify the influence that “social factors” had on productivity.
  - B. The studies were started to determine the effect that different levels of lighting had on productivity.
  - C. In one study, workers’ productivity increased as the level of illumination at their workstations was decreased.
  - D. The “social setting” of the various experiments influenced the results of the studies.
  - E. People would restrict output to avoid the displeasure of the group, even if it meant sacrificing pay.
- A      GT      Fa
156. The Hawthorne Studies have been criticized for which of the following reasons?
- A. Poor research design.
  - B. Weak empirical support for the conclusions drawn.
  - C. The tendency of researchers to overgeneralize their findings.
  - D. All of the above.
  - E. None of the above.
- D      GT      Fa
157. The Hawthorne Studies shifted the attention of managers and scholars away from the technical and structural concerns emphasized by the classical management approach and toward \_\_\_\_\_.
- A. A more scientific approach to management.
  - B. In-depth studies of actual case histories and individual experiences.
  - C. The use of computers to deal with more complex mathematical models.
  - D. The study of social and human concerns as keys to productivity.
  - E. A Theory X approach to management science.
- D      GT      Fa

158. \_\_\_\_\_ showed that people's feelings, attitudes, and relationships with coworkers should be important to management.  
 A. Scientific management.  
 B. Frank and Lillian Gilbreth.  
 C. The Hawthorne Studies.  
 D. Max Weber.  
 E. Henri Fayol.  
 C GT Fa
159. The tendency of persons singled out for special attention to perform as predicted just because of expectations created by the situation itself is called \_\_\_\_\_.  
 A. The Bakersfield method.  
 B. The Engersoll finding.  
 C. The Hawthorne Effect.  
 D. The glass ceiling effect.  
 E. The deficit principle.  
 C KT Fa
160. The Hawthorne Studies contributed to the emergence of the \_\_\_\_\_ movement as an important influence on management thought during the 1950s and 1960s.  
 A. Modern relations.  
 B. Human relations.  
 C. Social relations.  
 D. Scientific relations.  
 E. Cultural relations.  
 B GT Fa
161. \_\_\_\_\_ was based on the viewpoint that managers who used good human relations in the workplace would achieve productivity.  
 A. Modern relations.  
 B. Social relations.  
 C. Scientific relations.  
 D. Cultural relations.  
 E. Human relations.  
 E KT Fa
162. The study of individuals and groups in organizations is the social sciences field known as \_\_\_\_\_.  
 A. Organizational behaviour  
 B. Contingency theory  
 C. Systems theory  
 D. Modern behavioural methods.  
 E. Theory X and Theory Y  
 A KT Fa

*Maslow's Theory of Human Needs*

163. Maslow's work in the area of human needs is important to which area of management thought?  
A. Classical approach.  
B. Scientific management.  
C. Systems theory.  
D. Human relations movement.  
E. Contingency theory  
D GT Fa
164. A psychological or physiological deficiency that a person feels compelled to satisfy is known as a(n) \_\_\_\_\_.  
A. Desire.  
B. Need.  
C. Compulsion.  
D. Obsession.  
E. Satisfaction deficit.  
B KT Fa
165. \_\_\_\_\_ create tensions that can influence a person's work attitudes and behaviours.  
A. Desires.  
B. Whims.  
C. Compulsions.  
D. Obsessions.  
E. Needs.  
E GT Fa
166. Maslow's hierarchy of needs theory includes which of the following needs?  
A. Food, shelter, sex, money, and prestige.  
B. Physiological, spiritual, social, and psychological fulfillment.  
C. Physical safety, financial security, and social status.  
D. Physiological, safety, social, esteem, and self-actualization.  
E. Respect, prestige, recognition, security, and power.  
D GT Fa
167. \_\_\_\_\_ refer to the needs for basic biological maintenance such as food, water, and physical well-being.  
A. Physiological needs.  
B. Safety needs.  
C. Social needs.  
D. Esteem needs.  
E. Self-actualization needs.  
A GT Fa

168. \_\_\_\_\_ refer to the needs for security, protection, and stability in the events of daily life.
- A. Physiological needs.
  - B. Safety needs.
  - C. Social needs.
  - D. Esteem needs.
  - E. Self-actualization needs.
- B GT Fa
169. \_\_\_\_\_ concern the needs for love, affection, and belongingness in one's relationships with other people.
- A. Physiological needs.
  - B. Safety needs.
  - C. Social needs.
  - D. Esteem needs.
  - E. Self-actualization needs.
- C GT Fa
170. \_\_\_\_\_ involve the needs for respect, prestige, recognition, and self-esteem; and a personal sense of competency and mastery.
- A. Physiological needs.
  - B. Safety needs.
  - C. Social needs.
  - D. Esteem needs.
  - E. Self-actualization needs.
- D GT Fa
171. \_\_\_\_\_ include the needs for being self-fulfilled and to grow and use abilities to the fullest and most creative extent.
- A. Physiological needs.
  - B. Safety needs.
  - C. Social needs.
  - D. Esteem needs.
  - E. Self-actualization needs.
- E GT Fa
172. According to the deficit principle of Maslow's theory of human needs, \_\_\_\_\_.
- A. People have a variety of needs, or deficits, that they must satisfy at any given time.
  - B. Each person has different needs.
  - C. People are not motivated by a satisfied need.
  - D. People are always in need of something.
  - E. No matter what their condition in life, all people are looking for basic security.
- C GT Fa

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173. According to the progression principle of Maslow's theory of human needs, \_\_\_\_\_.
- A. The five human needs must all be satisfied before people can progress to self-actualization.
  - B. A need at any level only becomes activated when the next lower-level need has been satisfied.
  - C. The most basic human need is the need for self-actualization.
  - D. Human needs are never truly fulfilled.
  - E. Human needs progress from stronger needs to weaker needs.
- B GT Fa
174. At which need level of Maslow's hierarchy do the deficit and progression principles cease to operate?
- A. Physiological needs.
  - B. Safety needs.
  - C. Social needs.
  - D. Esteem needs.
  - E. Self-actualization needs.
- E GT Fa
175. The more that \_\_\_\_\_ are satisfied, the stronger they grow.
- A. Physiological needs.
  - B. Safety needs.
  - C. Social needs.
  - D. Esteem needs.
  - E. Self-actualization needs.
- E GT Fa
176. According to Maslow's theory of human needs, managers can improve worker performance and achieve productivity by \_\_\_\_\_.
- A. Eliminating wasted motion.
  - B. Making a science of every job.
  - C. Facilitating need satisfaction.
  - D. Instituting a hierarchical chain of command.
  - E. Listening to workers' complaints and acting on them.
- C GT Ap
177. Wendy is a manager in a nonprofit organization. She is interested in using Maslow's need hierarchy to guide her approach to managing the volunteers working for this nonprofit organization. In order to promote productivity, Wendy should \_\_\_\_\_.
- A. Create jobs that satisfy the needs of the volunteers.
  - B. Create work environments that satisfy the needs of the volunteers.
  - C. Ensure that the work is fulfilling for the volunteers.
  - D. All of the above.
  - E. None of the above.
- D GT Ap

**McGregor's Theory X and Theory Y**

178. According to Douglas McGregor, managers should pay more attention to \_\_\_\_\_.
- A. Motion studies.
  - B. Social responsibility.
  - C. Behaviour modification techniques.
  - D. Quantitative analysis.
  - E. Social and self-actualization needs.
- E      GT      Ap
179. Theory X managers tend to see their subordinates as \_\_\_\_\_.
- A. Creative, responsible, and self-motivated.
  - B. Motivated by challenging work.
  - C. Irresponsible, resistant to change, lacking in ambition, disliking work, and preferring to be led rather than to lead.
  - D. Liking work because they prefer to lead rather than to be led.
  - E. Basically rational.
- C      KT      Fa
180. According to McGregor, Theory Y managers tend to see their subordinates as \_\_\_\_\_.
- A. Passive, dependent, and reluctant.
  - B. Irresponsible, resistant to change, lacking in ambition, disliking work, and preferring to be led rather than to lead.
  - C. Willing to work, willing to accept responsibility, capable of self-direction, capable of self-control, imaginative, and creative.
  - D. Disliking work because they prefer to be led rather than to lead.
  - E. Basically rational and motivated by money.
- C      KT      Fa
181. McGregor believed that managers holding either Theory X or Theory Y assumptions could create situations in which employees acted as expected. This phenomenon is known as \_\_\_\_\_.
- A. The Hawthorne Effect.
  - B. Theory Z.
  - C. A self-fulfilling prophecy.
  - D. Self-actualization.
  - E. Expectancy theory.
- C      GT      Fa
182. Douglas McGregor would describe managers who tend to be directive in their relationships with others and who take a command-and-control orientation as \_\_\_\_\_ managers.
- A. Scientific principles.
  - B. Theory X.
  - C. Theory Y.
  - D. Theory Z.
  - E. Administrative principles.
- B      GT      Ap

183. A manager who allows his or her subordinates to participate in decision-making, who delegates authority to them, and who offers them greater job autonomy and job variety would be classified by Douglas McGregor as a \_\_\_\_\_ manager.
- A. Democratic.
  - B. Human relations.
  - C. Theory X.
  - D. Theory Y.
  - E. Theory Z.

D GT Ap

184. Which of the following statements does NOT accurately describe Theory Y assumptions?
- A. Theory Y assumptions are consistent with developments in the new workplace.
  - B. Theory Y assumptions are central to notions of employee participation and involvement.
  - C. Theory Y assumptions devalue workforce diversity.
  - D. Theory Y assumptions provide the foundation for creating a positive self-fulfilling prophecy.
  - E. Theory Y assumptions encourage empowerment and self-management.

C GT Ap

*Argyris's Theory of Adult Personality*

185. According to Chris Argyris, certain management principles found in the classical approaches are inconsistent with \_\_\_\_\_.
- A. The administrative-principles approach.
  - B. Theory X.
  - C. The mature adult personality.
  - D. Rational principles.
  - E. The findings of quantitative analysis.

C GT Fa

186. According to Chris Argyris, management practices that are influenced by \_\_\_\_\_ are inconsistent with the mature adult personality.
- A. Classical management approaches.
  - B. Behavioural management approaches.
  - C. Human resource management approaches.
  - D. Quantitative management approaches.
  - E. Modern management approaches.

A GT Fa

187. Argyris believes that implementation of classical management ideas such as the bureaucratic organization and Fayol's administrative principles will do all of the following EXCEPT:
- A. Create conditions for psychological failure among the workers.
  - B. Ensure that workers are productive and efficient.
  - C. Create dependent and passive workers.
  - D. Cause workers to have little sense of control over their work environments.
  - E. Undermine worker performance.

B GT Fa

188. According to Argyris's theory of personality and organization, managers who treat people as \_\_\_\_\_ will achieve \_\_\_\_\_.
- A. Dependent workers ... the highest productivity.
  - B. Dependent workers ... high profitability.
  - C. Mature and responsible adults ... mediocre productivity.
  - D. Mature and responsible adults ... the highest productivity.
  - E. Friendly workers ... high productivity and profitability.
- D      GT      Fa
189. Argyris believes that absenteeism, turnover, apathy, alienation, and similar behavioural problems in the workplace occur because of \_\_\_\_\_.
- A. A mismatch between workers' mature personalities and management practices.
  - B. Task specialization.
  - C. Theory Y management.
  - D. A lack of situational thinking.
  - E. Poor communication between managers and employees.
- A      GT      Fa

**QUANTITATIVE MANAGEMENT APPROACHES (STUDY QUESTION 3)**

190. Which of the following statements accurately describe quantitative management approaches?
- A. Quantitative management approaches developed about the same time as human resource approaches to management.
  - B. Quantitative approaches are based on the assumption that mathematical techniques can be used to improve managerial problem solving.
  - C. Quantitative approaches are increasingly driven by computer technology.
  - D. All of the above statements accurately describe quantitative management approaches.
  - E. None of the above statements accurately describe quantitative management approaches.
- D      GT      Fa

**Management Science**

191. The scientific application of mathematical techniques to management problems is known as \_\_\_\_\_.
- A. Mathematical personality theory.
  - B. Modern management theory.
  - C. Scientific management.
  - D. Management science.
  - E. Problem solving through numbers crunching.
- D      KGT      Fa

192. \_\_\_\_\_ and \_\_\_\_\_ are often used interchangeably to describe the scientific applications of mathematical techniques to management problems.
- A. Management research ... operations management.
  - B. Systems theory ... contingency theory.
  - C. Management science ... operations research.
  - D. Management principles ... operational principles.
  - E. Modern management themes ... computer technology.
- C      GT      Fa
193. The management approach that (a) systematically analyzes a problem, (b) uses appropriate mathematical models to make computations, and (c) selects an optimum solution is known as \_\_\_\_\_.
- A. Systems analysis.
  - B. Administrative-principles
  - C. Operations research.
  - D. Mathematical methodology.
  - E. Computational analysis.
- C      GT      Fa
194. Which of the following descriptions of management science applications is NOT accurate?
- A. Mathematical forecasting helps make future projections that are useful for planning.
  - B. Inventory modeling helps to establish how much to order and when to order.
  - C. Network models break large tasks into smaller components to allow for better analysis, planning, and control of complex projects.
  - D. Linear programming is used to help allocate service personnel or workstations to minimize customer waiting time and service cost.
  - E. Simulation creates models of problems so different solutions under various assumptions can be tested.
- D      GT      Fa
195. Quantitative approaches to management include all of the following characteristics EXCEPT:
- A. A focus on decision making that has clear implications for management action.
  - B. The use of economic decision criteria.
  - C. The use of managerial rules of thumb that are based on personal experience and personal preferences.
  - D. The use of mathematical models that follow sophisticated rules and formulas.
  - E. A focus on costs, revenues, and return on investment.
- C      GT      Fa

**Applied Quantitative Analysis Today**

196. Which of the following is NOT a true statement about quantitative analysis in contemporary business?
- A. Operations management focuses on applying quantitative management approaches to the production of goods and services.
  - B. The human factor can be ignored when using quantitative management techniques.
  - C. Organizations often employ staff specialists to help managers take advantage of quantitative management approaches.
  - D. Software developments are making quantitative management techniques more accessible to managers.
  - E. Mathematical solutions must be supported by good managerial judgment.
- B      GT      Fa
197. In using any quantitative approach to management, mathematical solutions to problems must be supported by \_\_\_\_\_.
- A. Comprehensive computer networks.
  - B. Extensive databases.
  - C. Good managerial judgment and an appreciation of the human factor.
  - D. All of the above.
  - E. None of the above.
- C      GT      Ap

**MODERN MANAGEMENT APPROACHES (STUDY QUESTION 4)**

198. Modern management approaches maintain that people have multiple and varied needs, that their needs change over time, that they possess many talents and capabilities which can be developed, and that they \_\_\_\_\_.
- A. Respond best to Theory X management.
  - B. Respond best when treated as responsible, self-actualizing adults regardless of the demands of the situation.
  - C. Respond best when managers provide different managerial strategies and job opportunities to deal with the individual differences among workers.
  - D. Are very complex and must be managed strictly in all situations.
  - E. Respond best in all situations to the use of participatory management.
- C      GT      Fa
199. One major characteristic of modern management approaches is \_\_\_\_\_.
- A. Decision-making must be based solely on economic criteria.
  - B. People are social and self-actualizing, but these characteristics have little impact on people's work behaviour.
  - C. People are totally rational.
  - D. No one model applies universally in all situations.
  - E. Theory Y management leads to conflict and unhappiness.
- D      GT      Fa

*Organizations as Systems*

200. A \_\_\_\_\_ is a collection of interrelated parts that function together to achieve a common purpose.
- A. Contingency.
  - B. System.
  - C. Mathematical model.
  - D. Quantitative structure.
  - E. Need hierarchy.
- B      KT      Fa
201. A smaller component of a larger system is known as \_\_\_\_\_.
- A. A subsystem.
  - B. A supersystem.
  - C. A department.
  - D. A team.
  - E. A contingent operation.
- A      KT      Fa
202. A system is defined as open because \_\_\_\_\_.
- A. It is permissive in observing the various principles of management.
  - B. Its subsystems do not relate to one another.
  - C. It uses Theory X management assumptions.
  - D. It interacts with its environment in the continual process of transforming resource inputs into outputs.
  - E. It treats its employees as responsible adults.
- D      KT      Fa
203. All of the following are examples of subsystems in the transformation process of a typical organization EXCEPT:
- A. Purchasing and inventory systems.
  - B. Operations and service management systems.
  - C. Marketing, sales, and distribution systems.
  - D. Trade associations.
  - E. Accounting and financial systems.
- D      GT      Ap
204. High performance by the organization as a whole occurs only when each subsystem \_\_\_\_\_ and \_\_\_\_\_.
- A. Meets minimal standards in performing its tasks ... works adequately in cooperation with other subsystems.
  - B. Performs its tasks well ... works well in cooperation with other subsystems.
  - C. Performs its tasks well ... works adequately in cooperation with other subsystems.
  - D. Has cohesive work teams ... responds well to higher-level managers.
  - E. Has cohesive work teams ... works well in cooperation with other subsystems.
- B      GT      Ap

**Contingency Thinking**

205. Matching responses to the unique problems and opportunities posed by different situations is called \_\_\_\_\_.
- A. Quantitative analysis.
  - B. Rationalism.
  - C. The theory of applicability.
  - D. Contingency thinking.
  - E. Self-actualization.
- D      KT      Fa
206. Matching managerial responses to the problems and opportunities created by individual and environmental differences is the focus of \_\_\_\_\_.
- A. Quantitative management.
  - B. Systems analysis.
  - C. Contingency thinking.
  - D. Hierarchical analysis.
  - E. Human resources thinking.
- C      KT      Fa
207. According to contingency theories, \_\_\_\_\_.
- A. The best management approach is based on Theory Y assumptions.
  - B. There is no one best management approach.
  - C. The best management approach employs formal mathematical models.
  - D. The best management approach takes human factors into consideration.
  - E. The best management approach focuses on the economic realities of decision making.
- B      GT      Fa
208. A manager is overheard to say: “The best way to manage is to make sure that your response is appropriate to the demands and characteristics of the situation at hand.” His point of view is most closely associated with \_\_\_\_\_.
- A. Contingency thinking.
  - B. Closed-systems thinking.
  - C. Human relations thinking.
  - D. Scientific management
  - E. Bureaucracy.
- A      GT      Ap
209. Which of the following statements accurately describe contingency thinking?
- A. A structure that works for one organization may not work well for another.
  - B. A management approach that works at one time may not work well at another time.
  - C. A management approach that works well in an uncertain environment will not necessarily work well in a stable environment.
  - D. All of the above statements accurately describe contingency thinking.
  - E. None of the above statements accurately describe contingency thinking.
- D      GT      Ap

**CONTINUING MANAGEMENT THEMES (STUDY QUESTION 5)**

210. The recognition that we live and work in dynamic and constantly changing environments that put unique and never-ending competitive pressures on organizations \_\_\_\_\_.
- A. Is one of the most important insights of accumulated management history.
  - B. Has been brought to people's attention solely because of the revolution in information technology.
  - C. Is unlikely to have much long-lasting impact on the way organizations operate.
  - D. A and B.
  - E. B and C.
- A      GT      Fa
211. Ongoing management themes in today's business environment include all of the following EXCEPT:
- A. Quality and performance excellence.
  - B. Ethics and social responsibility.
  - C. Global awareness.
  - D. The importance of new leadership.
  - E. Division of labour for efficiency.
- E      GT      Fa

***Quality and Performance Excellence***

212. Which of the following statements does NOT accurately describe the orientation toward quality in progressive contemporary organizations?
- A. Managers and workers are quality conscious.
  - B. Managers and workers understand the link between competitive advantage and quality.
  - C. Managers and workers in the best organizational cultures know the one best way to achieve superior product and service quality.
  - D. The best organizational cultures include quality as a core value.
  - E. The best organizational cultures reinforce quality in all aspects of the work environment.
- C      GT      Fa
213. A(n) \_\_\_\_\_ is a specific sequence of activities that transforms raw materials into a finished good or service.
- A. Transformational chain.
  - B. Value chain.
  - C. Activities system.
  - D. Materials requirement plan.
  - E. Distribution plan.
- B      KT      Fa

214. United Gasket and Seal Company manufactures a variety of rubber gaskets and seals for use in the automotive industry. In using a value chain philosophy, United Gasket and Seal would most likely do all of the following EXCEPT:
- A. Build quality into all aspects of operations.
  - B. Focus on quality issues that relate directly to activities performed by the organization.
  - C. Address quality issues that result from network relationships with contractors.
  - D. Expect the organization's employees to stress quality in transforming raw materials into a finished good or service.
  - E. De-emphasize the role of product delivery to customers or clients.
- E      GT      Ap
215. Peters and Waterman's attributes of performance excellence include all of the following EXCEPT:
- A. A bias toward action.
  - B. Closeness to the customers.
  - C. Closeness of supervision.
  - D. Autonomy and entrepreneurship.
  - E. Productivity through people.
- C      MN      Fa
216. Peters and Waterman's attributes of performance excellence include all of the following EXCEPT:
- A. Strategic opportunities.
  - B. Hands-on and value-driven.
  - C. Sticking to the knitting.
  - D. Simple form and lean staff.
  - E. Simultaneous loose-tight properties.
- A      MN      Fa

**Global Awareness**

217. \_\_\_\_\_ describes a management framework that incorporates a variety of insights from Japanese management models into North American management practices.
- A. Theory J.
  - B. Theory Q
  - C. Theory X.
  - D. Theory Y.
  - E. Theory Z.
- E      KT      Fa

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218. Consider a North American management framework that incorporates Japanese management practices such as providing long term employment, slower promotions and more lateral job movements, attention to career planning and development, use of consensus decision making, and emphasis on the use of groups and employee involvement. This management framework is known as \_\_\_\_\_.
- A. Theory X
  - B. Attributes of performance excellence.
  - C. Quality employment
  - D. Theory Z
  - E. The international management theory.
- D      KT      Fa

***Learning Organizations***

219. A \_\_\_\_\_ is able to continually learn and adapt itself to new experiences.
- A. Learning organization.
  - B. Systems organization.
  - C. Change organization.
  - D. Values organization.
  - E. Experience-based organization.
- A      KT      Fa
220. During a job interview, Jim was told by one of the team leaders that the company uses lessons of experience to promote continuous change and improvement. Jim interviewed for a job in which kind of organization?
- A. A Theory X organization.
  - B. A contingency organization.
  - C. A learning organization.
  - D. A bureaucratic organization.
  - E. A mature organization.
- C      GT      Ap
221. Which of the following is NOT a core ingredient of learning organizations?
- A. Mental models.
  - B. Personal mastery.
  - C. Systems thinking.
  - D. Shared vision.
  - E. Individual learning.
- E      GT      Fa
222. Which of the following statements provides an incorrect description of learning organizations?
- A. Learning organizations should emphasize values that focus on information, teamwork, empowerment, participation, and leadership.
  - B. Learning organizations depend on leadership that sets an example for others by embracing change and communicating enthusiasm.
  - C. Learning organizations refer to vendors that provide training programs for other organizations.
  - D. Learning organizations require a value-driven culture.
  - E. Learning organizations make learning continuously available to everyone.
- C      GT      Fa

**21<sup>st</sup>-Century Leadership**

223. According to the text's discussion of 21<sup>st</sup>- century leadership, \_\_\_\_\_ and the new directions of \_\_\_\_\_ are important keys to personal and organizational performance.
- A. Leadership ... learning organizations.
  - B. Leadership ... teamwork.
  - C. Leadership ... followership.
  - D. Teamwork ... innovative quality management.
  - E. Learning leaders ... team organizations.
- A GT Fa
224. Managers in the 21<sup>st</sup> century must be capable of doing all of the following EXCEPT:
- A. Understanding the interconnections among nations, cultures, and economies in the world community as well as planning and acting with due consideration of them.
  - B. Being comfortable with information technology and understanding and using technological trends advantageously.
  - C. Sacrificing profitability goals for corporate social responsibility commitments.
  - D. Acting ethically, setting high ethical standards for others to follow, and building a work culture that values ethics and social responsibility.
  - E. Attracting highly motivated workers and inspiring them by creating high-performance cultures where individuals and teams can do their best work
- C GT Fa
225. New managers who expect to survive in today's dynamic organizations must be committed to all of the following EXCEPT:
- A. Pursuing self-interest.
  - B. Maintaining and upgrading job-relevant skills through a commitment to continuous learning.
  - C. Cultivating and using the ability to make things happen.
  - D. Establishing a commitment to work-life balance.
  - E. Understanding international dimensions.
- A GT Fa
226. Effective 21<sup>st</sup> century managers must do the "right" things. Doing the "right" things would include all of the following EXCEPT:
- A. Do the things that add value to the organizations goods and/or services.
  - B. Do the things that make a real difference in performance results.
  - C. Do the things that are ethical.
  - D. Do the things that make a real difference in competitive advantage
  - E. Do the things that exploit every possible situation within the limits of the law.
- E GT Fa

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## Multiple Choice Questions

### CHAPTER INTRODUCTION

117. \_\_\_\_\_ was the root cause of bankruptcies and business failures such as Enron, Arthur Andersen, WorldCom and Bre-X.
- A. A failure of ethics.
  - B. Autocratic leadership.
  - C. Poor customer service.
  - D. B and C.
  - E. A, B, and C.
- A      GT      Ap
118. Performance goals must always be achieved through \_\_\_\_\_.
- A. Any means possible.
  - B. Exploitation of environmental resources.
  - C. Ethically and socially responsible actions.
  - D. Governmental subsidies.
  - E. Marginalizing human resources.
- C      GT      Ap

### WHAT IS ETHICAL BEHAVIOUR? (STUDY QUESTION 1)

119. Which of the following statements does NOT provide an accurate description of ethics?
- A. Ethics is the code of moral principles that sets standards of “good” versus “bad” or “right” versus “wrong.”
  - B. Ethics provide principles to guide the behaviour of individuals.
  - C. Ethics provide principles to guide the behaviour of groups.
  - D. Ethics is a set of principles that guide the organization’s analysis of its external environment and the formulation of actions to respond to that environment.
  - E. Ethics provides principles that help people in making moral choices among alternative courses of action.
- D      GT      Fa

120. \_\_\_\_\_ reflect(s) the code of moral principles that sets standards as to what is “good” versus “bad” or “right” versus “wrong” in people’s conduct, and thereby guides their moral choices and behaviour.
- A. Group norms.
  - B. Legal behaviour.
  - C. Ethics.
  - D. Civil law.
  - E. Humanistic behaviour.
- C      KT      Fa
121. According to the textbook, ethical behaviour is \_\_\_\_\_.
- A. The same as legal behaviour in the context of business.
  - B. Interpreted outside the legal frame of reference.
  - C. What is accepted as “good” or “right” as opposed to “bad” or “wrong” in the context of the governing moral code.
  - D. All of the above.
  - E. None of the above.
- C      KT      Fa

***Laws, Values, and Ethical Behaviour***

122. Which statement accurately describes the relationship between law and ethics?
- A. Even though an action is legal, it may not be ethical.
  - B. An action that is not illegal is without question an ethical action.
  - C. Living up to the “letter of the law” is a sufficient guarantee that a person’s actions are truly ethical.
  - D. A and C.
  - E. B and C.
- A      GT      Ap
123. Most ethical problems in the workplace arise when people are asked to do or are about to do something that \_\_\_\_\_.
- A. Is illegal.
  - B. Goes against work group standards.
  - C. Violates their personal beliefs.
  - D. Violates the organization’s policies.
  - E. Violates social norms.
- C      GT      Fa
124. The underlying beliefs and attitudes that help determine behaviour are referred to as \_\_\_\_\_.
- A. Values.
  - B. Ethics.
  - C. Morals.
  - D. Personal standards.
  - E. Social norms.
- A      KT      Fa

125. To the extent that \_\_\_\_\_ vary among people, we can expect different interpretations of what behaviour is ethical or unethical in a given situation.

- A. Laws.
- B. Values.
- C. Needs.
- D. Perceptions.
- E. Motives.

B GT Fa

126. \_\_\_\_\_ are preferences regarding desired ends.

- A. Ethical values.
- B. Utilitarian values.
- C. Instrumental values.
- D. Social values.
- E. Terminal values.

E KT Fa

127. Self-respect, freedom, happiness, inner harmony, and family security are examples of \_\_\_\_\_ that managers consider to be important.

- A. Moral values.
- B. Socialistic values.
- C. Terminal values.
- D. Instrumental values.
- E. Bureaucratic values.

C GT Ap

128. \_\_\_\_\_ are preferences regarding the means for accomplishing desired ends.

- A. Ethical values.
- B. Utilitarian values.
- C. Terminal values.
- D. Instrumental values.
- E. Social values.

D KT Fa

129. Courage, imagination, ambition, self-discipline, and honesty are examples of \_\_\_\_\_ that managers consider to be important.

- A. Instrumental values.
- B. Moral values.
- C. Socialistic values.
- D. Terminal values.
- E. Bureaucratic values.

A GT Ap

*Alternative Views of Ethics*

130. The utilitarian view of ethical behaviour is that which \_\_\_\_\_.
- A. Provides the greatest good for the greatest number of people.
  - B. Respects and protects the individual's fundamental rights.
  - C. Ensures that people are treated impartially and fairly.
  - D. Advances the pursuit of long-term self-interests.
  - E. Ensures the resolution of personal moral dilemmas.
- A      KT      Fa
131. The main emphasis of the utilitarian view of ethical behaviour is \_\_\_\_\_.
- A. Assessing the implications of a decision in terms of its long-term personal consequences.
  - B. Promoting honesty and integrity.
  - C. Ensuring that people's rights are protected and respected.
  - D. Evaluating a decision on the basis of its impartiality and fairness.
  - E. Ensuring that the greatest number of people benefit to the greatest extent possible.
- E      KT      Fa
132. Using results-oriented performance criteria to judge what is best for most people in a business organization is an application of which view of ethical behaviour?
- A. The utilitarian view.
  - B. The individualism view.
  - C. The collectivism view.
  - D. The moral-rights view.
  - E. The justice view.
- A      GT      Ap
133. The individualism view of ethical behaviour is that which \_\_\_\_\_.
- A. Provides the greatest good for the greatest number of people.
  - B. Respects and protects the individual's fundamental rights.
  - C. Ensures that people are treated impartially and fairly.
  - D. Advances the pursuit of long-term self-interests.
  - E. Ensures the resolution of personal moral dilemmas.
- D      KT      Fa
134. The main emphasis of the individualism view of ethical behaviour is \_\_\_\_\_.
- A. Assessing the implications of a decision in terms of its long-term personal consequences.
  - B. Promoting honesty and integrity.
  - C. Ensuring that people's rights are protected and respected.
  - D. Evaluating a decision on the basis of its impartiality and fairness.
  - E. Ensuring that the greatest number of people benefit to the greatest extent possible.
- A      KT      Fa

135. The individualism view is supposed to promote \_\_\_\_\_ but in business practice it may result in \_\_\_\_\_.
- A. Personal enrichment ... organizational enrichment.
  - B. Honesty and integrity ... pushing the law to its outer limits.
  - C. Narcissism ... procedural justice.
  - D. Running roughshod over other people to achieve personal objectives ... honesty and integrity.
  - E. Pushing the law to its outer limits ... interactional justice.
- B GT Ap
136. The moral-rights view of ethical behaviour is that which \_\_\_\_\_.
- A. Provides the greatest good for the greatest number of people.
  - B. Respects and protects the individual's fundamental rights.
  - C. Ensures that people are treated impartially and fairly.
  - D. Advances the pursuit of long-term self-interests.
  - E. Ensures the resolution of personal moral dilemmas.
- B KT Fa
137. The main emphasis of the moral-rights view of ethical behaviour is \_\_\_\_\_.
- A. Assessing the implications of a decision in terms of its long-term personal consequences.
  - B. Promoting honesty and integrity.
  - C. Ensuring that people's rights are protected and respected.
  - D. Evaluating a decision on the basis of its impartiality and fairness.
  - E. Ensuring that the greatest number of people benefit to the greatest extent possible.
- C KT Fa
138. In contemporary organizations, \_\_\_\_\_ concerns the protection of employees with respect to their rights to privacy, due process, free speech, free consent, health and safety, and freedom of conscience.
- A. The utilitarian view.
  - B. The individualism view.
  - C. The collectivism view.
  - D. The moral-rights view.
  - E. The justice view.
- D GT Ap
139. The justice view of ethical behaviour is that which \_\_\_\_\_.
- A. Provides the greatest good for the greatest number of people.
  - B. Respects and protects the individual's fundamental rights.
  - C. Ensures that people are treated impartially and fairly.
  - D. Advances the pursuit of long-term self-interests.
  - E. Ensures the resolution of personal moral dilemmas.
- C KT Fa

140. The main emphasis of the justice view of ethical behaviour is \_\_\_\_\_.
- A. Assessing the implications of a decision in terms of its long-term personal consequences.
  - B. Promoting honesty and integrity.
  - C. Ensuring that people's rights are protected and respected.
  - D. Evaluating a decision on the basis of its impartiality and fairness.
  - E. Ensuring that the greatest number of people benefit to the greatest extent possible.
- D      KT      Fa
141. Suppose that a professor's main concern in grading term papers is to evaluate all papers and assign grades fairly and objectively in light of the requirements and grading scale contained in the course syllabus. From an ethics perspective, this is an example of the professor adopting which of the following views?
- A. The utilitarian view.
  - B. The individualism view.
  - C. The collectivism view.
  - D. The moral-rights view.
  - E. The justice view.
- E      GT      Ap
142. The degree to which policies and rules are fairly administered in an organization is known as \_\_\_\_\_.
- A. Distributive justice.
  - B. Moral justice.
  - C. Ethical management.
  - D. Procedural justice.
  - E. Equitable policy.
- D      KT      Fa
143. Not taking sexual harassment allegations against top management as seriously as allegations against lower-level supervisors is an example of violating the principle of \_\_\_\_\_.
- A. Distributive justice.
  - B. Moral justice.
  - C. Ethical management.
  - D. Procedural justice.
  - E. Equitable policy.
- D      GT      Ap
144. The degree to which outcomes are allocated without regard to ethnicity, race, gender, age, or other individual differences criteria is the concept of \_\_\_\_\_.
- A. Distributive justice.
  - B. Moral justice.
  - C. Ethical management.
  - D. Procedural justice.
  - E. Equitable policy.
- A      KT      Fa

145. If a woman and a man have equivalent qualifications and experience and are given the same consideration for promotion, \_\_\_\_\_ is being applied.
- A. Distributive justice.
  - B. Moral justice.
  - C. Ethical management.
  - D. Procedural justice.
  - E. Equitable policy.
- A GT Ap
146. The degree to which other people are treated with dignity and respect deals with the issue of \_\_\_\_\_.
- A. Utilitarianism.
  - B. Individualism.
  - C. Procedural justice.
  - D. Distributive justice.
  - E. Interactional justice.
- E KT Fa
147. Michele, a bank officer, takes the time to fully explain to an applicant why he is being turned down for a loan and does her best to answer all the applicant's questions without being demeaning toward him in any way. Michele is reflecting the ethical concern of \_\_\_\_\_ in her behaviour.
- A. Moral rights.
  - B. Distributive justice.
  - C. Interactional justice.
  - D. Utilitarianism.
  - E. Individualism.
- C GT Ap

**Cultural Issues in Ethical Behaviour**

148. A manager who operates in a foreign country with the premise that ethical behaviour is always determined by its cultural context is adopting a perspective of \_\_\_\_\_.
- A. Cultural activism.
  - B. Cultural relativism.
  - C. Ethical imperialism.
  - D. Cultural socialism.
  - E. Ethical realism.
- B KT Fa
149. An executive who assumes that ethical standards should apply absolutely across cultures and national boundaries is operating under which cultural perspective?
- A. Cultural activism.
  - B. Cultural relativism.
  - C. Ethical universalism.
  - D. Cultural socialism.
  - E. Ethical realism.
- C KT Fa

150. Critics charge that \_\_\_\_\_ is a form of \_\_\_\_\_, or the attempt to externally impose one's ethical standards on others.
- A. Cultural relativism ... cultural universalism.
  - B. Universalism ... ethical imperialism.
  - C. Cultural relativism ... ethical imperialism.
  - D. Ethical imperialism ... cultural relativism.
  - E. Ethical imperialism ... Romanesque law
- B      KT      Fa
151. Core values or "hyper-norms" that transcend cultural boundaries focus on \_\_\_\_\_.
- A. Human dignity.
  - B. Basic rights.
  - C. Good citizenship.
  - D. All of the above.
  - E. None of the above.
- D      GT      Fa
152. Creating a corporate culture that values employees, customers, and suppliers is a core value that \_\_\_\_\_.
- A. Respects basic rights.
  - B. Promotes good citizenship.
  - C. Enhances social concerns.
  - D. Respects human dignity.
  - E. Respects stakeholder interests.
- D      MN      Fa
153. Which of the following does NOT accurately describe of the universal values of respect for human dignity or respect for basic rights?
- A. Keeping a safe workplace.
  - B. Producing safe goods and services.
  - C. Supporting social institutions, including economic and educational systems.
  - D. Protecting the rights of employees and customers.
  - E. Avoiding anything that threatens people's education and living standards.
- C      MN      Fa

## ETHICS IN THE WORKPLACE (STUDY QUESTION 2)

### *Ethical Dilemmas at Work*

154. An ethical dilemma \_\_\_\_\_.
- A. Is rare among managers.
  - B. Is resolved in most organizations by a formal code of ethics.
  - C. Always involves pressures to commit illegal acts.
  - D. Can usually be resolved without much personal stress.
  - E. Occurs when someone must choose between a course of action offering personal or organizational benefit or both, but for which there is no clear right or wrong decision.
- E      KT      Fa

155. When some action must be taken but there is not a clear “right” or “wrong” approach, a person is faced with a(n) \_\_\_\_\_.
- A. Moral pinch.
  - B. Ethical dilemma.
  - C. Managerial decision.
  - D. Situation to avoid.
  - E. Lawsuit.
- B      KT      Fa
156. Suppose that a manager denies a candidate a promotion or job appointment because of the candidate’s race, religion, gender, age, or other criteria that are not relevant to the job. This manager may get caught in an ethical dilemma involving \_\_\_\_\_.
- A. Discrimination.
  - B. Sexual harassment.
  - C. Conflicts of interest.
  - D. Customer confidence.
  - E. Organizational resources.
- A      GT      Ap
157. If a manager makes a co-worker feel uncomfortable because of inappropriate comments or actions regarding sexuality, the manager may get caught in an ethical dilemma involving \_\_\_\_\_.
- A. Discrimination.
  - B. Sexual harassment.
  - C. Conflicts of interest.
  - D. Customer confidence.
  - E. Organizational resources.
- B      GT      Ap
158. Ethical dilemmas in the form of \_\_\_\_\_ may occur where a manager takes a bribe or kickback or extraordinary gift in return for making a decision favorable to the gift giver.
- A. Discrimination.
  - B. Sexual harassment.
  - C. Conflicts of interest.
  - D. Customer confidence.
  - E. Organizational resources.
- C      GT      Ap
159. Ethical dilemmas in the form of \_\_\_\_\_ may occur where a manager has privileged information regarding the activities of a customer and shares that information with another party.
- A. Discrimination.
  - B. Sexual harassment.
  - C. Conflicts of interest.
  - D. Customer confidence.
  - E. Organizational resources.
- D      GT      Ap

160. Managers who use official stationery or company e-mail accounts to communicate personal opinions or requests to community organizations are engaging in acts that may be considered to constitute an ethical dilemma regarding \_\_\_\_\_.
- A. Discrimination.
  - B. Sexual harassment.
  - C. Conflicts of interest.
  - D. Customer confidence.
  - E. Organizational resources.
- E      GT      Ap
161. A survey of *Harvard Business Review* subscribers revealed that many ethical dilemmas involve conflicts with \_\_\_\_\_.
- A. Superiors.
  - B. Subordinates.
  - C. Customers.
  - D. All of the above.
  - E. None of the above.
- D      GT      Fa
162. The results of a *Harvard Business Review* survey indicated that the ethical issues most frequently encountered by the magazine's subscribers involved all but which one of the following?
- A. Dishonesty in advertising.
  - B. Dishonesty in communication with top management.
  - C. Dishonesty in communication with subordinates.
  - D. Dishonesty in communication with clients.
  - E. Dishonesty in communication with government agencies.
- C      GT      Fa
163. The text reports that managers sometimes pressure their subordinates to engage in various unethical activities. Which of the following is NOT one of these unethical activities?
- A. Overlooking the boss's wrongdoings.
  - B. Signing false documents.
  - C. Supporting incorrect viewpoints.
  - D. Doing business with the boss's friends.
  - E. Doing personal favors for the boss.
- E      GT      Fa

#### ***Rationalizations for Unethical Behaviour***

164. The text identifies four rationalizations that are commonly used to justify unethical conduct. Which of the following is NOT one of the four rationalizations?
- A. It's not really illegal.
  - B. It's in everyone's best interests.
  - C. No one will ever know about it.
  - D. The organization will protect me.
  - E. Everybody does it.
- E      GT      Fa

165. In submitting her expense report for a recent business trip, Shirley sought reimbursement for some personal entertainment expenses. Knowing that the company policy precluded such reimbursement, she reported higher amounts for taxi fares and tips than she actually spent. Which of the following rationalizations most likely applies to Shirley's actions?
- A. It's not really illegal.
  - B. It's in everyone's best interests.
  - C. No one will ever know about it.
  - D. Alternative A and B.
  - E. Alternative B and C.
- C GT Ap
166. The text identifies different ways of dealing with the four rationalizations that are commonly used to justify unethical behaviour. Which one of the following courses of action is NOT a recommended way for dealing with at least one of the four rationalizations?
- A. When in doubt about a decision to be made or an action to be taken, don't do it.
  - B. If other people and other companies are doing it, you are justified in doing it too.
  - C. Look beyond the short-term results to address longer-term implications.
  - D. Make sure everyone knows that wrongdoing will be punished whenever it is discovered.
  - E. Organizational loyalty should not stand above the law and social morality.
- B GT Ap
167. Which of the following rationalizations for unethical behaviour reflects the mistaken belief that one's behaviour is acceptable, especially in ambiguous situations?
- A. It's not really illegal.
  - B. It's in everyone's best interests.
  - C. No one will ever know about it.
  - D. The organization will protect me.
  - E. Everybody does it.
- A GT Fa
168. Which of the following rationalizations for unethical behaviour reflects the mistaken belief that because someone can be found to benefit from the behaviour, the behaviour is also in the organization's best interests?
- A. It's not really illegal.
  - B. It's in everyone's best interests.
  - C. No one will ever know about it.
  - D. The organization will protect me.
  - E. Everybody does it.
- B GT Fa
169. Which of the following rationalizations for unethical behaviour reflects the mistaken belief that a questionable behaviour is really "safe" and will never be discovered or made public?
- A. It's not really illegal.
  - B. It's in everyone's best interests.
  - C. No one will ever know about it.
  - D. The organization will protect me.
  - E. Everybody does it.
- C GT Fa

170. Which of the following rationalizations for unethical behaviour reflects the mistaken belief that the organization's best interests stand above all others?
- A. It's not really illegal.
  - B. It's in everyone's best interests.
  - C. No one will ever know about it.
  - D. The organization will protect me.
  - E. Everybody does it.
- D      GT      Fa

***Factors Influencing Ethical Behaviour***

171. Factors influencing ethical managerial behaviour include which of the following?
- A. The employing organization.
  - B. The person.
  - C. The external environment.
  - D. All of the above.
  - E. None of the above.
- D      GT      Fa
172. Person factors that help determine managerial ethics include all of the following EXCEPT:
- A. Religious values.
  - B. Personal financial needs.
  - C. Family influences.
  - D. Behaviour of peers.
  - E. Personal standards.
- D      GT      Fa
173. \_\_\_\_\_ are personal rules or strategies for ethical decision making.
- A. Ethical frameworks.
  - B. Distributive justice.
  - C. Ethical dilemmas.
  - D. Ethical anchors.
  - E. Procedural justice.
- A      GT      Fa
174. The virtues of honesty, fairness, integrity, and self-respect provide \_\_\_\_\_ that help people make correct decisions even when circumstances are ambiguous and situational pressures are difficult.
- A. Procedural justice.
  - B. Ethical frameworks.
  - C. Distributive justice.
  - D. Ethical dilemmas.
  - E. Ethical anchors.
- E      GT      Fa

175. In a commencement address, Ivan Boesky said, "Greed is healthy. You can be greedy and still feel good about yourself." This is an example of the \_\_\_\_\_ factor influencing ethical behaviour.
- A. Social.
  - B. Organization.
  - C. Person.
  - D. Corporate.
  - E. Environment.
- C GT Ap
176. The behaviour of supervisors and the expectations of peers are \_\_\_\_\_ factors that influence ethical behaviour.
- A. Social.
  - B. Organization.
  - C. Person.
  - D. Corporate.
  - E. Environment.
- B GT Fa
177. Anita Roddick's 11-point charter on ethical conduct at the Body Shop International is an example of the influence of \_\_\_\_\_ on ethical behaviour.
- A. Religious values.
  - B. Government regulation.
  - C. Personal standards and needs.
  - D. Formal policies of the employing organization.
  - E. Behaviour of peers and supervisors.
- D GT Ap
178. Environmental factors that affect the ethical standards of an organization and its employees include \_\_\_\_\_.
- A. Social norms and values.
  - B. Competition within an industry.
  - C. Governmental laws and regulations.
  - D. All of the above.
  - E. None of the above.
- D GT Fa
179. Which of the following statements about the Sarbanes-Oxley Act of 2002 is/are true?
- A. The Sarbanes-Oxley Act created the Public Company Accounting Oversight Board and set a new audit-reporting standard.
  - B. The Sarbanes-Oxley Act created the mechanism for governmental supervision of the liquidation of Enron and Arthur Andersen.
  - C. The Sarbanes-Oxley Act makes it easier for corporate executives to be tried and sentenced to jail for financial misconduct.
  - D. A and B.
  - E. A and C.
- E GT Fa

180. Former American Airlines president Robert Crandall contacted Howard Putnam, then president of now-defunct Braniff Airlines, to discuss raising airfares on their competing money-losing routes. The U.S. Justice Department alleged this was an illegal attempt to monopolize airline routes. The action by the Department of Justice is an example of the \_\_\_\_\_ factor influencing managers' ethical behaviour.
- A. Person.
  - B. Organization.
  - C. Environment.
  - D. A and B.
  - E. B and C.
- C      GT      Ap

### MAINTAINING HIGH ETHICAL STANDARDS (STUDY QUESTION 3)

181. According to the text, all of the following are ways of maintaining high ethical standards in management EXCEPT:
- A. Media coverage of unethical acts.
  - B. Ethics training.
  - C. Whistleblower protection.
  - D. Top management support.
  - E. Codes of ethical conduct.
- A      GT      Fa
182. Ethics training, whistleblower protection, strong ethical cultures, formal codes of ethics, and top management support are ways of \_\_\_\_\_
- A. Rationalizing unethical behaviour.
  - B. Maintaining high ethical standards.
  - C. Implementing ethical imperialism.
  - D. A and B.
  - E. B and C.
- B      GT      Fa

### *Ethics Training*

183. Ethics training refers to \_\_\_\_\_.
- A. Structured programs to help participants understand the ethical aspects of decision making, and how to incorporate ethical standards into their daily lives.
  - B. Teaching corporate outlines for formal corporate codes of ethics.
  - C. Training on the laws under which "white collar" criminals are prosecuted.
  - D. Learning about corporate guidelines for supplier conduct.
  - E. Exposure to governmental regulations for defense contractors in the United States.
- A      GT      Fa

184. Ethics training should be designed to \_\_\_\_\_.
- A. Help people deal with ethical issues while under pressure.
  - B. Help people incorporate ethical standards into their daily work behaviour.
  - C. Help people to have the moral courage to do what is right.
  - D. A and B.
  - E. A and C.
- D      GT      Fa
185. Which of the following is NOT a step that managers can follow for making ethical decisions?
- A. Recognize the ethical dilemma.
  - B. Identify your options.
  - C. Model what others are doing.
  - D. Double-check your decisions by asking follow-up questions.
  - E. Take action.
- C      MN      Fa
186. According to the text, an important way for double-checking the ethics of a decision is to ask which one of the following questions?
- A. How would I feel about this decision if it made a lot of money for the company?
  - B. How would I feel if I received a large bonus a result of making this decision?
  - C. How would I feel if this decision harmed someone?
  - D. How would I feel if a competitor lost business as a result of this decision?
  - E. How would I feel if my family found out about my decision?
- E      MN      Fa
187. According to the text, an important way to test whether a decision is consistent with one's personal ethical standards is by asking which of the following questions?
- A. How would I feel about this if my decision were printed in the local newspaper?
  - B. How would I feel if this decision harmed someone?
  - C. How would I feel if my employer lost a lot of money as a result of this decision?
  - D. All of these questions are important ways of testing the ethics of a decision.
  - E. None of these questions is an important way of testing the ethics of a decision.
- A      MN      Fa

**Whistleblower Protection**

188. Someone who exposes the misdeeds of others in an organization in an attempt to preserve ethical standards and protect against wasteful, harmful, or illegal acts is called \_\_\_\_\_.
- A. A retaliator.
  - B. A whistleblower.
  - C. An ethics steward.
  - D. An ethics evaluator.
  - E. An ethics sheriff.
- B      KT      Fa

189. Which of the following is NOT a potential risk faced by people who act as whistleblowers?  
 A. Impaired career progress.  
 B. Retaliatory discharge.  
 C. Being ostracized by peers.  
 D. Being generously rewarded for revealing misdeeds.  
 E. Character assassination.  
 D GT Ap
190. A strict chain of command, strong work group identities, and ambiguous priorities are \_\_\_\_\_.  
 A. Organizational barriers to whistleblowing.  
 B. Essential components of moral quality circles.  
 C. Mechanisms for resolving ethical dilemmas.  
 D. All of the above.  
 E. None of the above.  
 A GT Fa
191. The \_\_\_\_\_ is an approach for gaining shared commitments to high ethical standards.  
 A. Autonomous work group.  
 B. Moral quality circle.  
 C. Ethical work group.  
 D. Ethics police.  
 E. Shared ethics task force.  
 B GT Fa

***Ethical Role Models***

192. To set the proper ethical tone for the organization, top management should \_\_\_\_\_.  
 A. Communicate expectations for ethical behaviour throughout the organization.  
 B. Reinforce ethical behaviour.  
 C. Be role models of ethical behaviour.  
 D. All of the above.  
 E. None of the above.  
 D GT Fa
193. \_\_\_\_\_ should act as ethical role models and set an ethical tone in their areas of responsibility.  
 A. Top management only.  
 B. Middle management only.  
 C. First-line or supervisory management only.  
 D. Top and middle management levels only.  
 E. All levels of management.  
 E GT Fa

194. Which of the following statements does NOT provide an accurate description regarding how pressure to achieve goals impacts ethics and ethical behaviour?
- A. Employees often feel pressure to compromise personal standards to achieve company goals.
  - B. A company president can create an ethical climate by setting reasonable goals.
  - C. Any manager can unwittingly encourage subordinates to engage in unethical behaviour by exerting too much pressure to achieve goals that are too difficult.
  - D. Part of a manager's ethical responsibility is to be realistic in setting performance targets for others.
  - E. Managers can create an ethical environment by setting goals that are extremely challenging and continuously push subordinates to achieve these goals.
- E      GT      Ap

**Codes of Ethical Conduct**

195. A formal statement of an organization's values and ethical principles that provide guidelines on how to behave in situations susceptible to ethical dilemmas are referred to as the organization's \_\_\_\_\_.
- A. Code of ethics.
  - B. Corporate social responsibility.
  - C. Management guidelines.
  - D. Employee mandate.
  - E. Employee handbook.
- A      KT      Fa

196. Most codes of ethical conduct identify expected behaviour in terms of \_\_\_\_\_.
- A. General organizational citizenship.
  - B. Good relationships with customers.
  - C. Avoidance of illegal acts or improper acts in one's work.
  - D. All of the above.
  - E. None of the above.
- D      GT      Fa

197. Formal codes of ethics are usually concerned with expressing how employees may be expected to behave with respect to all of the following EXCEPT:
- A. Customer-supplier relationships.
  - B. Political contributions.
  - C. Confidentiality of corporate information.
  - D. Choice of friends and acquaintances.
  - E. Responses to bribes and kickbacks.
- D      GT      Fa

198. The Gap, Inc. expects certain ethical commitments from all its vendors. These ethical standards prohibit all of the following EXCEPT:
- A. Discrimination.
  - B. Forced labour.
  - C. Working conditions.
  - D. Minimum wages and benefits.
  - E. Freedom of association.
- D      GT      Ap

199. Codes of ethical conduct have several limitations. Which of the following is NOT one of these limitations?
- A. Codes of ethical conduct cannot guarantee ethical conduct.
  - B. The value of an ethics code relies on the organization's underlying human resource foundation.
  - C. Ethical codes are not useful in large, complex organizations.
  - D. Ethical codes are not replacements for hiring people of integrity.
  - E. Ethical codes cannot replace leadership that is committed to being positive role models for the rest of the organization's members.
- C      GT      Ap
200. The value of any formal code of ethics relies on \_\_\_\_\_.
- A. Effective hiring practices that staff organizations with honest and moral people.
  - B. Committed managers who are willing to set examples and act as positive ethical role models.
  - C. The underlying human resource foundations of the organization.
  - D. All of the above.
  - E. None of the above.
- D      GT      Ap

#### **CORPORATE SOCIAL RESPONSIBILITY (STUDY QUESTION 4)**

201. \_\_\_\_\_ refers to an organization's obligation to act in ways that serve its own interests as well as the interests of society at large.
- A. A code of ethics.
  - B. A moral code.
  - C. A formal policy statement.
  - D. Public accountability.
  - E. Corporate social responsibility.
- E      KT      Fa

#### ***Stakeholder Issues and Analysis***

202. The persons, groups, and other organizations directly affected by the behaviour of an organization and holding a stake in its performance are referred to as \_\_\_\_\_.
- A. Governing boards.
  - B. Organizational stakeholders.
  - C. Trustees.
  - D. Role senders.
  - E. Regulators.
- B      KT      Fa
203. Major organizational stakeholders include all of the following EXCEPT:
- A. Employees and contractors who work for the organization.
  - B. Providers of the organization's human, information, material, and financial resources.
  - C. General economic conditions and political trends.
  - D. Stockholders, investors, and creditors with claims on assets and profits of the organization.
  - E. Local, state, and national governmental agencies that enforce laws and regulations.
- C      GT      Fa

204. Which of the following represent a major organizational stakeholder?
- A. Consumers and clients who purchase the organization's goods and/or use its services.
  - B. Other organizations producing the same or similar goods and services.
  - C. Community groups, activities, and others who represent the interests of citizens and society.
  - D. A and B.
  - E. A, B, and C.
- E GT Fa
205. Which of the following leadership beliefs is NOT appropriate for guiding socially responsible organizational practices?
- A. People do their best in a healthy work environment that allows for job involvement as well as a good balance between work and family life.
  - B. Organizations function best over the long run when located in healthy communities with high qualities of life.
  - C. Organizations realize performance gains and efficiencies by exploiting the natural environment.
  - D. Organizations must be managed and led for long-term success.
  - E. An organization's reputation must be protected as a valuable asset.
- C GT Fa
206. The leadership believes that guide socially responsible organizational practices include all of the following EXCEPT:
- A. People.
  - B. Communities.
  - C. Natural environment.
  - D. Short-term success.
  - E. Reputation.
- D GT Fa

**Perspectives on Corporate Social Responsibility**

207. \_\_\_\_\_ is the social responsibility view holding that management's only responsibility in running a business is to maximize profits.
- A. The stockholder model.
  - B. The free market model.
  - C. The corporate view.
  - D. The classical view.
  - E. The socioeconomic view.
- D GT Fa
208. All of the following are arguments against the assumption of social responsibility by business EXCEPT:
- A. Social responsibility will raise business costs.
  - B. Social responsibility will reduce business profits.
  - C. Social responsibility will dilute the social power of business.
  - D. Social responsibility will dilute the purpose of business.
  - E. Social responsibility will give business too much social power.
- C GT Ap

209. \_\_\_\_\_ is the social responsibility view that maintains the organization must be concerned with the broader social welfare and not just with corporate profits.
- A. The stockholder model.
  - B. The free market model.
  - C. The stakeholder view.
  - D. The classical view.
  - E. The socioeconomic view.
- E GT Fa
210. Arguments that corporations should engage in socially responsible behaviour include all of the following EXCEPT:
- A. Social responsibility decreases the need for restrictive government regulation.
  - B. Businesses have the resources and obligation to act in socially responsible ways.
  - C. Socially responsible behaviour improves the public image of business.
  - D. Pursuing socially responsible goals may dilute the purpose of the business.
  - E. Long-run profits for the business may improve or even be dependent on its degree of social responsibility.
- D GT Ap
211. Which of the following statements regarding the relationship between social responsibility and financial performance is NOT true?
- A. High performance in social responsibility can be associated with strong financial performance.
  - B. At worst, strong corporate social responsibility has no adverse impact on financial performance.
  - C. High performance in social responsibility is seldom, if ever, associated with strong financial performance.
  - D. Recent evidence suggests that corporate social responsibility leads to improved financial performance and this, in turn, leads to additional socially responsible actions.
  - E. Businesses can serve the public good and a broad pool of stakeholders as well as advance the financial interests of their shareholders.
- C GT Ap
212. The \_\_\_\_\_ refers to the situation in which corporate social responsibility leads to improved financial performance and this, in turn, leads to additional socially responsible actions.
- A. Generous stakeholder.
  - B. Virtuous circle
  - C. Just alliance.
  - D. Fair community.
  - E. Socioeconomic parable.
- B GT Fa

213. Which statement is MOST correct in terms of the textbook presentation of the public's expectations of business regarding corporate social responsibility?
- A. There are no compelling arguments against corporate social responsibility.
  - B. Corporate social responsibility is not related to managerial ethics.
  - C. There are increased expectations that organizations will act with genuine social responsibility.
  - D. The Canadian legal system does not protect the rights of consumers against socially irresponsible business acts.
  - E. Corporate social responsibility should be the concern of only top-level managers in organizations.
- C      GT      Ap

**Evaluating Corporate Social Performance**

214. A social responsibility audit is \_\_\_\_\_.
- A. A systematic assessment and reporting of an organization's accomplishments in various areas of corporate social responsibility.
  - B. A public opinion survey regarding the social impact of a corporation's actions.
  - C. An internal accounting audit requested by shareholders.
  - D. A systematic assessment of the corporation's impact on its employees' social lives.
  - E. A survey of employees regarding their social preferences.
- A      KT      Fa
215. Which of the following does NOT reflect a common audit area for corporate social responsibility?
- A. Ecology and environmental quality.
  - B. Truth in lending and consumer protection.
  - C. Managing conflict.
  - D. Service to communities.
  - E. Employment practices.
- C      GT      Ap
216. Corporate social responsibility is reflected in the way a company deals with all of the following EXCEPT:
- A. General corporate philanthropy.
  - B. Labour relations.
  - C. Diversity practices.
  - D. Organizational politics.
  - E. Aid to education.
- D      GT      Ap
217. When corporate social performance focuses on acting to avoid adverse consequences, the company's actions are driven by \_\_\_\_\_.
- A. Commitment.
  - B. Compliance.
  - C. Habeas corpus.
  - D. Conviction.
  - E. Greed.
- B      GT      Fa

218. When corporate social performance focuses on acting to create positive impact, the company's actions are driven by \_\_\_\_\_.
- A. Commitment.
  - B. Compliance.
  - C. Habeas corpus.
  - D. Conviction.
  - E. Guilt.
- A      GT      Fa
219. The text identifies several criteria for evaluating socially responsible corporate behaviour. A firm is meeting its \_\_\_\_\_ when it earns a profit through provision of goods and services desired by customers.
- A. Economic responsibility.
  - B. Legal responsibility.
  - C. Ethical responsibility.
  - D. Discretionary responsibility.
  - E. Stakeholder responsibility.
- A      GT      Fa
220. An organization is meeting its economic responsibility when it \_\_\_\_\_.
- A. Is in compliance with the law and requirements of various external regulations.
  - B. Voluntarily moves beyond basic economic, legal, and ethical expectations to provide leadership in advancing social well-being.
  - C. Earns a profit through provision of goods and services desired by customers.
  - D. Voluntarily conforms to legal expectations and broader values and moral expectations of society.
  - E. Anticipates socially responsible behaviour.
- C      GT      Fa
221. The text identifies several criteria for evaluating socially responsible corporate behaviour. A firm is meeting its \_\_\_\_\_ when it operates within the law and according to the requirements of various external regulations.
- A. Economic responsibility.
  - B. Legal responsibility.
  - C. Ethical responsibility.
  - D. Discretionary responsibility.
  - E. Stakeholder responsibility.
- B      GT      Fa
222. An organization is meeting its legal responsibility when it \_\_\_\_\_.
- A. Is in compliance with the law and requirements of various external regulations.
  - B. Voluntarily moves beyond basic economic, legal, and ethical expectations to provide leadership in advancing social well-being.
  - C. Earns a profit through provision of goods and services desired by customers.
  - D. Voluntarily conforms to legal expectations and broader values and moral expectations of society.
  - E. Anticipates socially responsible behaviour.
- A      GT      Fa

223. The text identifies several criteria for evaluating socially responsible corporate behaviour. A firm is meeting its \_\_\_\_\_ when it voluntarily conforms to legal as well as broader values and moral expectations of society.
- A. Economic responsibility.
  - B. Legal responsibility.
  - C. Ethical responsibility.
  - D. Discretionary responsibility.
  - E. Stakeholder responsibility.
- C      GT      Fa
224. An organization is meeting its ethical responsibility when it \_\_\_\_\_.
- A. Is in compliance with the law and requirements of various external regulations.
  - B. Voluntarily moves beyond basic economic, legal, and ethical expectations to provide leadership in advancing social well-being.
  - C. Earns a profit through provision of goods and services desired by customers.
  - D. Voluntarily conforms to legal expectations as well as broader values and moral expectations of society.
  - E. Anticipates socially responsible behaviour.
- D      GT      Fa
225. The text identifies several criteria for evaluating socially responsible corporate behaviour. A firm is meeting its \_\_\_\_\_ when it voluntarily moves beyond basic economic, legal, and ethical expectations to provide leadership in advancing social well-being.
- A. Economic responsibility.
  - B. Legal responsibility.
  - C. Ethical responsibility.
  - D. Discretionary responsibility.
  - E. Stakeholder responsibility.
- D      GT      Fa
226. An organization is meeting its discretionary responsibility when it \_\_\_\_\_.
- A. Is in compliance with the law and requirements of various external regulations.
  - B. Voluntarily moves beyond basic economic, legal, and ethical expectations to provide leadership in advancing social well-being.
  - C. Earns a profit through provision of goods and services desired by customers.
  - D. Voluntarily conforms to legal expectations as well as broader values and moral expectations of society.
  - E. Anticipates socially responsible behaviour.
- B      GT      Fa
227. The highest level of social performance comes through the satisfaction of an organization's \_\_\_\_\_.
- A. Economic responsibility.
  - B. Legal responsibility.
  - C. Ethical responsibility.
  - D. Discretionary responsibility.
  - E. Stakeholder responsibility.
- D      GT      Fa

228. The obstructionist strategy involves a corporate social responsibility commitment that \_\_\_\_\_.
- A. Reflects mainly economic concerns.
  - B. Seeks to protect the organization by doing the minimum legally required to satisfy expectations.
  - C. Is congruent with society's prevailing norms, values, and expectations.
  - D. Takes preventive action to avoid adverse social impact.
  - E. Is inconsistent with prevailing societal norms.
- A      KT      Fa
229. The obstructionist strategy of social responsibility meets the organization's \_\_\_\_\_.
- A. Economic responsibility.
  - B. Economic and legal responsibilities.
  - C. Economic, legal, and ethical responsibilities.
  - D. Economic, legal, ethical, and discretionary responsibilities.
  - E. Economic, legal, ethical, discretionary, and political responsibilities.
- A      KT      Fa
230. The defensive strategy involves a corporate social responsibility commitment that \_\_\_\_\_.
- A. Reflects mainly economic concerns.
  - B. Seeks to protect the organization by doing the minimum legally required to satisfy expectations.
  - C. Is congruent with society's prevailing norms, values, and expectations.
  - D. Takes preventative action to avoid adverse social impact.
  - E. Is inconsistent with prevailing societal norms.
- B      KT      Fa
231. The defensive strategy of social responsibility meets the organization's \_\_\_\_\_.
- A. Economic responsibility.
  - B. Economic and legal responsibilities.
  - C. Economic, legal, and ethical responsibilities.
  - D. Economic, legal, ethical, and discretionary responsibilities.
  - E. Economic, legal, ethical, discretionary, and political responsibilities.
- B      KT      Fa
232. An organization that is pursuing a(n) \_\_\_\_\_ social responsibility strategy would likely do the minimum ethically required to satisfy economic, legal, and ethical criteria.
- A. Obstructionist.
  - B. Defensive.
  - C. Accommodative.
  - D. Proactive.
  - E. Ethical.
- C      KT      Fa

233. The accommodative strategy of social responsibility meets the organization's \_\_\_\_\_.
- A. Economic responsibility.
  - B. Economic and legal responsibilities.
  - C. Economic, legal, and ethical responsibilities.
  - D. Economic, legal, ethical, and discretionary responsibilities.
  - E. Economic, legal, ethical, discretionary, and political responsibilities.
- C      KT      Fa
234. An organization that is following a(n) \_\_\_\_\_ social responsibility strategy would both take preventive action to avoid adverse social impacts from company activities and take a leadership role in identifying and responding to emerging social issues.
- A. Obstructionist.
  - B. Defensive.
  - C. Accommodative.
  - D. Proactive.
  - E. Ethical.
- D      KT      Fa
235. The proactive strategy of social responsibility meets the organization's \_\_\_\_\_.
- A. Economic responsibility.
  - B. Economic and legal responsibilities.
  - C. Economic, legal, and ethical responsibilities.
  - D. Economic, legal, ethical, and discretionary responsibilities.
  - E. Economic, legal, ethical, discretionary, and political responsibilities.
- D      KT      Fa

**ORGANIZATIONS AND SOCIETY (STUDY QUESTION 5)**

***How Governments Influence Organizations***

236. In terms of ethical behaviour and social responsibility, governmental agencies have the primary responsibility of \_\_\_\_\_.
- A. Serving the public interest by expanding the number of jobs available in the economy.
  - B. Creating an extensive series of forms and reports to document as many business activities as possible.
  - C. Making sure that businesses are not controlled by criminal elements.
  - D. Monitoring and ensuring that businesses comply with legislative mandates.
  - E. Serving as a balance to powerful business lobbies that attempt to influence the decisions made by Congress.
- D      GT      Fa
237. Government takes an active role in regulating business affairs in Canada in all of the following areas EXCEPT:
- A. Environmental protection.
  - B. Consumer protection.
  - C. Profit maximization.
  - D. Occupational health and safety.
  - E. Fair labour practices.
- C      GT      Fa

238. When the Canadian government takes an active role in regulating business by focusing on occupational safety and health, it \_\_\_\_\_.
- A. Enforces laws to prohibit employment discrimination.
  - B. Enforces regulations to encourage clean air.
  - C. Discourages product dumping and unfair competitive practices.
  - D. Forces businesses to withdraw from sale any products that are hazardous to consumers.
  - E. Regulates the safety of working conditions.
- E GT Ap
239. When the Canadian government takes an active role in regulating business through fair labour practices, it \_\_\_\_\_.
- A. Enforces laws to prohibit employment discrimination.
  - B. Enforces regulations to encourage clean air.
  - C. Discourages product dumping and unfair competitive practices.
  - D. Forces businesses to withdraw from sale any products that are hazardous to consumers.
  - E. Regulates the safety of working conditions.
- A GT Ap
240. The Canadian government takes an active role in regulating business affairs concerning consumer protection when it \_\_\_\_\_.
- A. Enforces laws to prohibit employment discrimination.
  - B. Enforces regulations to encourage clean air.
  - C. Discourages product dumping and unfair competitive practices.
  - D. Forces businesses to withdraw from sale any products that are hazardous to consumers.
  - E. Regulates the safety of working conditions.
- D GT Ap
241. The Canadian government takes an active role in regulating business affairs concerning environmental protection when it \_\_\_\_\_.
- A. Enforces laws to prohibit employment discrimination.
  - B. Enforces regulations to encourage clean air.
  - C. Discourages product dumping and unfair competitive practices.
  - D. Forces businesses to withdraw from sale any products that are hazardous to consumers.
  - E. Regulates the safety of working conditions.
- B GT Ap

### ***How Organizations Influence Governments***

242. \_\_\_\_\_ enable(s) executives to get to know important people in government and try to gain their support for special interests.
- A. Personal contacts and networks.
  - B. Public relations campaigns.
  - C. Lobbying.
  - D. Political action committees.
  - E. Illegal acts.
- A GT Fa

243. \_\_\_\_\_ allow(s) executives to communicate positive images of their organizations to the public at large.  
A. Personal contacts and networks.  
B. Public relations campaigns.  
C. Lobbying.  
D. Political action committees.  
E. Illegal acts.  
B GT Fa
244. \_\_\_\_\_ enable(s) executives to have their positions and preferences communicated directly to government officials.  
A. Personal contacts and networks.  
B. Public relations campaigns.  
C. Lobbying.  
D. Political action committees.  
E. Illegal acts.  
C KT Fa
245. \_\_\_\_\_ enable(s) executives to seek influence through financial support for favored political candidates.  
A. Personal networks.  
B. Public relations campaigns.  
C. Lobbying.  
D. Political action committees.  
E. Illegal acts.  
D KT Fa
246. Offering bribes in an attempt to gain influence over public officials is the use of \_\_\_\_\_ with respect to organizations influencing governments.  
A. Personal networks.  
B. Public relations campaigns.  
C. Lobbying.  
D. Political action committees.  
E. Illegal acts.  
E GT Fa
247. According to the text, the approaches that businesses can take in influencing governments include all of the following EXCEPT:  
A. Personal contacts and networks.  
B. Public relations campaigns.  
C. Lobbying.  
D. Illegal acts.  
E. Refusing to abide by regulatory controls.  
E GT Fa

**Role of Corporate Governance**

248. \_\_\_\_\_ refers to a board of directors providing oversight of the top management of an organization.
- A. Moral oversight.
  - B. Public scrutiny.
  - C. Corporate governance.
  - D. Ethical imperialism.
  - E. An executive network.
- C      KT      Fa
249. Corporate governance typically involves all of the following EXCEPT:
- A. Hiring and firing the chief executive officer (CEO).
  - B. Assessing strategy.
  - C. Verifying financial records.
  - D. Approving product specifications and production methods.
  - E. Compensating the chief executive officer (CEO).
- D      GT      Ap
250. Which of the following are legitimate concerns about the failures of corporate governance?
- A. The pay of chief executive officers is too high.
  - B. The pay of chief executives officers is too often high when firms perform poorly.
  - C. Scandals occur that raise concerns about executives' commitment to high ethical standards and corporate social responsibility.
  - D. A and C.
  - E. A, B, and C.
- E      GT      Ap
251. The management challenge in contemporary organizations is best summarized in which of the following statements?
- A. Managers must simultaneously maintain high-performance standards as well as ethical and socially responsible operations.
  - B. Every manager must strive to achieve organizational goals even if it compromises his/her values.
  - C. Economic performance is the most important objective that managers must achieve.
  - D. Maintaining ethical standards and promoting social responsibility are the most important objectives managers must achieve.
  - E. Management in today's business environment should be approached in essentially the same way that it was in the past.
- A      GT      Ap

252. Increasingly, the public demands that \_\_\_\_\_
- A. Managers will be held accountable for achieving performance objectives as well as for maintaining high ethical standards and social responsibility.
  - B. Organizations will be held accountable for ethical and social performance as well as economic performance.
  - C. Managers at all levels must achieve performance objectives while doing so in a socially responsible manner.
  - D. All of the above.
  - E. None of the above.
- D      GT      Ap

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## Multiple Choice Questions

### CHAPTER INTRODUCTION

116. In the 21<sup>st</sup> century, managers are learning to succeed in a world of \_\_\_\_\_.
- A. Information and technology utilization.
  - B. Quality and speed.
  - C. Customer service.
  - D. B and C.
  - E. A, B, and C.
- E      GT      Fa
117. Contemporary managers are learning to do many things because of the impact of the 21<sup>st</sup> century environment. Which of the following is NOT one of the things that contemporary managers are learning to do?
- A. Contemporary managers are learning how to succeed in a world of intense competition.
  - B. Contemporary managers are learning how to succeed in an environment of continued globalization of markets and business activities.
  - C. Contemporary managers are learning how to succeed in a world of rapid technological change.
  - D. Contemporary managers are learning to operate in a world that devalues information, quality, and speed.
  - E. Contemporary managers are learning to respond to renewed demands for ethical behaviour and social responsibility.
- D      GT      Ap

### ENVIRONMENT AND COMPETITIVE ADVANTAGE (STUDY QUESTION 1)

118. \_\_\_\_\_ and \_\_\_\_\_ are indispensable to success in the 21<sup>st</sup>-century economy.
- A. Knowledge ... large inventories.
  - B. Knowledge ... speed.
  - C. Cost control ... bureaucratic designs.
  - D. A and C.
  - E. A, B, and C.
- B      GT      Ap

#### *What Is Competitive Advantage?*

119. An organization establishes a \_\_\_\_\_ when it has a core competency that sets it apart from its competitors and gives it an advantage over them in the marketplace.
- A. Core advantage.
  - B. Market advantage.
  - C. Competitive advantage.
  - D. Competency advantage.
  - E. Management advantage.
- C      KT      Fa

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120. Organizations can create a \_\_\_\_\_ by utilizing a \_\_\_\_\_ that clearly sets it apart from its competitors and gives it an advantage over them in the marketplace.
- A. Competitive advantage ... core competency.
  - B. Core competency ... competitive advantage.
  - C. Competitive advantage ... specific environment.
  - D. General environment ... specific environment.
  - E. Core advantage ... competitive competency.
- A      KT      Fa
121. An organization can achieve a competitive advantage through which of the following ways?
- A. Pricing and customer service.
  - B. Cost efficiency and quality.
  - C. Products and quality.
  - D. All of the above.
  - E. None of the above.
- D      GT      Fa
122. The key result of achieving a competitive advantage is \_\_\_\_\_.
- A. An ability to sidestep government regulations.
  - B. An ability to consistently do something of high value which one's competitors cannot replicate quickly or do as well.
  - C. An ability to drive the competition out of business and to make extraordinarily high profits.
  - D. An ability to establish a monopolistic market position.
  - E. An ability to dictate consumer needs and preferences.
- B      GT      Fa
123. \_\_\_\_\_ is especially important in the demanding global economy because nowhere in the world can managers rest on past successes and ignore what others are doing, either at home or abroad.
- A. Core advantage.
  - B. Market advantage.
  - C. Strategic advantage.
  - D. Competitive advantage.
  - E. Management advantage.
- D      GT      Ap

***The General Environment***

124. The \_\_\_\_\_ consists of all the conditions in the external environment of an organization that forms a background context for managerial decision making.
- A. Task environment.
  - B. General environment.
  - C. Specific environment.
  - D. Management environment.
  - E. Organizational environment.
- B      KT      Fa

125. General environment conditions exclude which one of the following categories?  
A. Technological conditions.  
B. Human relations conditions.  
C. Economic conditions.  
D. Legal-political conditions.  
E. Natural environment conditions.  
B GT Fa
126. Which of the following would NOT be a condition in the general environment?  
A. Economic conditions.  
B. Social-cultural conditions.  
C. Legal-political conditions.  
D. Extent and nature of competition.  
E. Technological conditions.  
D GT Fa
127. Economic conditions in the general environment include \_\_\_\_\_.  
A. Philosophy and objectives of the political party or parties running the government, as well as laws and governmental regulations.  
B. Inflation, income levels, gross domestic product, unemployment, and job outlook.  
C. Norms, customs, and social values regarding human rights; trends in education and related social institutions; and demographic patterns in society.  
D. Development and availability of technology, including scientific advancements.  
E. Nature and conditions of the natural environment, including levels of public concern expressed through environmentalism.  
B GT Fa
128. Social-cultural conditions in the general environment include \_\_\_\_\_.  
A. Philosophy and objectives of the political party or parties running the government, as well as laws and governmental regulations.  
B. Inflation, income levels, gross domestic product, unemployment, and job outlook.  
C. Norms, customs, and social values regarding human rights; trends in education and related social institutions; and demographic patterns in society.  
D. Development and availability of technology, including scientific advancements.  
E. Nature and conditions of the natural environment, including levels of public concern expressed through environmentalism.  
C GT Fa
129. Legal-political conditions in the general environment include \_\_\_\_\_.  
A. Philosophy and objectives of the political party or parties running the government, as well as laws and governmental regulations.  
B. Inflation, income levels, gross domestic product, unemployment, and job outlook.  
C. Norms, customs, and social values regarding human rights; trends in education and related social institutions; and demographic patterns in society.  
D. Development and availability of technology, including scientific advancements.  
E. Nature and conditions of the natural environment, including levels of public concern expressed through environmentalism.  
A GT Fa

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130. Technological conditions in the general environment include \_\_\_\_\_.
- A. Philosophy and objectives of the political party or parties running the government, as well as laws and governmental regulations.
  - B. Inflation, income levels, gross domestic product, unemployment, and job outlook.
  - C. Norms, customs, and social values regarding human rights; trends in education and related social institutions; and demographic patterns in society.
  - D. Development and availability of technology, including scientific advancements.
  - E. Nature and conditions of the natural environment, including levels of public concern expressed through environmentalism.
- D GT Fa
131. Natural environment conditions in the general environment include \_\_\_\_\_.
- A. Philosophy and objectives of the political party or parties running the government, as well as laws and governmental regulations.
  - B. Inflation, income levels, gross domestic product, unemployment, and job outlook.
  - C. Norms, customs, and social values regarding human rights; trends in education and related social institutions; and demographic patterns in society.
  - D. Development and availability of technology, including scientific advancements.
  - E. Nature and conditions of the natural environment, including levels of public concern expressed through environmentalism.
- E GT Fa
132. Differences in general environment factors are most noticeable when \_\_\_\_\_.
- A. Organizations sell a variety of goods or services to their customers.
  - B. Organizations must rely on many suppliers.
  - C. Organizations operate internationally.
  - D. Organizations must deal with several different labour unions.
  - E. Organizations discharge waste chemicals in the environment.
- C GT Ap
133. Which of the following is NOT a diversity trend in organizations' social-cultural environment?
- A. More women are working.
  - B. People with disabilities are gaining more access to the workplace.
  - C. People of color are a decreasing percentage of the workforce.
  - D. More workers come from nontraditional families.
  - E. Religious diversity of workers is increasing.
- C MN Ap

*Stakeholders and the Specific Environment*

134. The term that is used to describe the actual organizations, groups, and persons with which an organization interacts and conducts business is \_\_\_\_\_.
- A. The general environment.
  - B. The specific environment.
  - C. The special environment.
  - D. The multiple environment.
  - E. The functional environment.
- B KT Fa

135. The specific environment can be described in terms of which of the following?  
A. Stakeholders.  
B. Persons, groups, or institutions that are affected by the organization's performance.  
C. The task environment.  
D. All of the above.  
E. None of the above.  
D GT Ap
136. Persons, groups, and institutions that are affected in some way by the organization's performance are referred to as \_\_\_\_\_.  
A. Agencies.  
B. Stakeholders.  
C. Target populations.  
D. Corporate governance.  
E. Community dependents.  
B KT Fa
137. All of the following are important stakeholder elements in the task environment of most organizations EXCEPT:  
A. Customers.  
B. Suppliers.  
C. Supervisors.  
D. Competitors.  
E. Regulators.  
C GT Fa
138. Which of the following would NOT be an important stakeholder element in the specific environment of most organizations?  
A. Customers.  
B. Suppliers.  
C. Competitors.  
D. Regulators.  
E. Political parties.  
E GT Fa
139. Which of the following statements about stakeholder analysis is/are true?  
A. Stakeholder analysis can be used to assess the organization's current performance relative to strategic constituencies.  
B. Stakeholder analysis can be used to develop ideas for improving future performance relative to strategic constituencies.  
C. Stakeholder analysis helps focus management attention on value creation.  
D. A and B.  
E. A, B, and C.  
E GT Ap

140. \_\_\_\_\_ refers to the extent to which the organization is developing value for and satisfying the needs of important strategic constituencies.
- A. Constituency development.
  - B. Organization development.
  - C. Value creation.
  - D. Strategic needs management.
  - E. Constituency creation.
- C KT Fa

141. Which of the following statements about a stakeholder analysis of value is/are true?
- A. Suppliers and communities are important resource input stakeholders in an organization's value creation.
  - B. Employees are important transformation process stakeholders in an organization's value creation.
  - C. Customers and owners are important product output stakeholders in an organization's value creation.
  - D. A and C.
  - E. A, B, and C.
- E GT Fa

***Environmental Uncertainty***

142. \_\_\_\_\_ means that there is a lack of complete information regarding what exists and what developments may occur in the external environment.
- A. Environmental complexity.
  - B. Environmental dynamism.
  - C. Environmental change.
  - D. Environmental uncertainty.
  - E. Environmental information.
- D KT Fa
143. Which of the following statements accurately describe the concept of environmental uncertainty?
- A. Environmental uncertainty consists of two components — complexity of the environment and rate of change in the environment.
  - B. High environmental uncertainty occurs when the rate of change in the environment is high and the complexity of the environment is low.
  - C. Low environmental uncertainty occurs when the rate of change in the environment is low and the complexity of the environment is high.
  - D. All of the above statements accurately describe environmental uncertainty.
  - E. None of the above statements accurately describe environmental uncertainty.
- A GT Fa

144. All of the following are true statements regarding environmental uncertainty EXCEPT:
- A. There is a lack of complete information concerning what developments will occur in the external environment.
  - B. Most organizations encounter relatively little uncertainty in their environments.
  - C. Complexity refers to the number of different factors that exist in the environment.
  - D. The rate of change in factors in the environment is one component of environmental uncertainty.
  - E. Environmental uncertainty makes it difficult to understand potential implications for the organization.
- B GT Fa
145. The greater the level of environmental uncertainty, the \_\_\_\_\_.
- A. Greater the level of environmental complexity and the rate of change in the environment.
  - B. More attention that management must direct toward the external environment.
  - C. Greater the need for flexibility and adaptability in organizational designs and work practices.
  - D. All of the above.
  - E. None of the above.
- D GT Ap

## CUSTOMER-DRIVEN ORGANIZATIONS (STUDY QUESTION 2)

### *Who Are the Customers?*

146. Individuals who purchase the goods or services produced by an organization are called \_\_\_\_\_.
- A. Merchants.
  - B. Internal customers.
  - C. External customers.
  - D. Satisfied customers.
  - E. Producers.
- C GT Fa
147. Individuals in an organization who depend on the results of others' work in order to do their own jobs well are called \_\_\_\_\_.
- A. Jobbers.
  - B. Internal customers.
  - C. External customers.
  - D. Quality experts.
  - E. Dependent employees.
- B GT Fa

148. Gloria assembles circuit boards in a computer manufacturing plant. She gets the chips for the boards from David, assembles the boards, and then forwards them to Judy, who puts them into the finished components. This example illustrates the concept of \_\_\_\_\_.
- A. Integrated manufacturing processes.
  - B. Efficient task assignments.
  - C. Internal customers, who use the results of others' work to do their job.
  - D. Total quality management and shared responsibility.
  - E. Deming's path to quality.
- C GT Ap
149. Which one of the following statements does NOT accurately describe a practical implication of the concept of internal customers?
- A. Any job or function in the organization can represent an internal customer.
  - B. Any job or function can be both a customer and a supplier.
  - C. Internal customers refer only to jobs that are directly involved with the manufacture of a product.
  - D. Internal customers have the right to expect high-quality and on-time inputs from earlier points in the workflow.
  - E. Suppliers have the responsibility to deliver high-quality and on-time inputs to the next point in the workflow.
- C GT Ap

***What Customers Want***

150. Which of the following characteristics do customers want in the goods and services they buy?
- A. High quality, low price, and on-time delivery.
  - B. High quality, motivated employees, and low inventory carrying costs.
  - C. High quality, low price, and low scrap rates.
  - D. High quantity, low costs, and high profit margins.
  - E. High quality, minimal cycle time, and efficient procedures.
- A GT Fa
151. Organizations lose competitive advantage when they \_\_\_\_\_.
- A. Respond effectively to customer complaints.
  - B. Can't meet customer expectations.
  - C. Provide high quality services.
  - D. Keep prices low.
  - E. Are profitable.
- B GT Fa

152. \_\_\_\_\_ and \_\_\_\_\_ are two important lessons that have been learned by contemporary successful businesses.
- A. Always protect your stockholders ... always treat your customers right.
  - B. Always protect your reputation for shrewd financial management ... always treat your employees right.
  - C. Always protect your profits ... always treat your customers right.
  - D. Always protect your reputation for quality products/services ... always treat your shareholders right.
  - E. Always protect your reputation for quality products/services ... always treat your customers right.
- E      GT      Ap

### **Customer Relationship Management**

153. A *Harvard Business Review* survey ranked which of the following as first and second among the most important goals in the success of organizations?
- A. Technological advancements and recruiting quality employees.
  - B. Financial returns to stockholders and market share.
  - C. Productivity and profitability.
  - D. Satisfying internal and external customers.
  - E. Customer service and product quality.
- E      GT      Fa
154. According to a survey by the market research firm, Michelson & Associates, customers abandon a retail store for which of the following reasons?
- A. Price fixing and false advertising.
  - B. Poor service and product dissatisfaction.
  - C. Product modification and excessive service charges.
  - D. Employee grievances and poor working standards.
  - E. Poor quality products and price fixing.
- B      GT      Fa
155. \_\_\_\_\_ involves establishing and maintaining high standards of customer service.
- A. External customer responsiveness.
  - B. Customer relationship management.
  - C. Value chain management.
  - D. Business relationship management.
  - E. Supply chain management.
- B      KT      Fa
156. \_\_\_\_\_ uses the latest information technology that allows organizations to maintain intense communication with customers as well as to gather and utilize data regarding the customers' needs and preferences.
- A. Customer relationship management.
  - B. Internal customer management.
  - C. Value chain management.
  - D. Total quality management.
  - E. Supply chain management.
- A      GT      Fa

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157. \_\_\_\_\_ involves strategic management of all operations involving the suppliers of an organization's resources.
- A. Value chain management.
  - B. Internal customer management.
  - C. Customer relationship management
  - D. Total quality management.
  - E. Supply chain management.
- E      KT      Fa
158. Achieving efficiency in all aspects of the \_\_\_\_\_ while ensuring on-time availability of quality resources for customer-driven organizations is the fundamental goal of \_\_\_\_\_.
- A. Value chain ... value chain management.
  - B. Quality chain ... quality chain management.
  - C. Supply chain ... supply chain management.
  - D. Customer chain ... customer chain management.
  - E. Production chain ... production chain management.
- C      GT      Fa

**QUALITY-DRIVEN ORGANIZATIONS (STUDY QUESTION 3)**

159. \_\_\_\_\_ indicates conformance with a rigorous set of international quality standards.
- A. Consumer protection certification.
  - B. International Q certification.
  - C. AAA certification.
  - D. International customer service certification.
  - E. ISO certification.
- E      KT      Fa
160. Organizations that want to compete in the world marketplace as "world-class companies" can gain a competitive advantage by having their operations achieve \_\_\_\_\_.
- A. Consumer protection certification.
  - B. International Q certification.
  - C. ISO certification.
  - D. AAA certification.
  - E. Manufacturing supply certification.
- C      GT      Ap
161. To receive ISO certification, companies must \_\_\_\_\_ and \_\_\_\_\_.
- A. Undergo extensive managerial training ... be approved by the Management Development Institute.
  - B. Receive governmental approval to apply for the certification exam ... have at least 90% of the employees pass the certification exam.
  - C. Refine and upgrade quality in all operations .... undergo a rigorous assessment by outside auditors to determine if quality standards are met.
  - D. Apply for membership in the International Society for Operations (ISO) ... receive approval from the ISO membership committee.
  - E. Increase sales for three years in a row ... decrease customer complaints in each year.
- C      GT      Ap

**Total Quality Management**

162. The term total quality management is used to describe the process of \_\_\_\_\_.
- A. Training managers to monitor quality and then making them responsible for overall quality in their areas of responsibility.
  - B. Managing with an organization-wide commitment to continuous improvement, product quality, and customer needs.
  - C. Reducing the need for quality inspections by training employees to be quality conscious.
  - D. Producing holistic work environments.
  - E. Designing and manufacturing quality products.
- B      KT      Fa
163. Which of the following characteristics does NOT accurately describe the process of total quality management?
- A. Making quality principles a part of the organization's strategic objectives.
  - B. Applying quality principles to all aspects of operations.
  - C. Committing the organization to continuous quality improvement.
  - D. Striving to meet customers' needs by doing things right the first time.
  - E. Committing the organization to the use of self-managing work teams.
- E      KT      Fa
164. Philip Crosby has developed what he calls the "four absolutes" of management for total quality control. Which of the following is NOT one of Crosby's "four absolutes" of management?
- A. Quality means conformance to standards.
  - B. Quality comes from defect prevention, not defect correction.
  - C. Quality comes from multiple defect inspections.
  - D. Quality as a performance standard must mean defect-free work.
  - E. Quality saves money.
- C      GT      Fa

**Quality and Continuous Improvement**

165. W. Edwards Deming's comprehensive, rigorous, and learning-based approach to quality emphasizes \_\_\_\_\_.
- A. Constant innovation, use of statistical methods, and a continuous commitment to up-to-date training.
  - B. Constant correction of defects and termination of employees responsible for the defects.
  - C. Use of statistical methods to fix blame for low quality.
  - D. Use of up-to-date technology to compensate for poorly trained workers.
  - E. Continuous commitment to maximizing corporate profits.
- A      GT      Fa
166. Continuous improvement is the attempt to \_\_\_\_\_.
- A. Continually watch quality control to detect errors.
  - B. Maintain the quality advantage by always looking for new ways to improve current performance.
  - C. Look for ways to confirm current production methods.
  - D. Seek competitive marketing opportunities.
  - E. Monitor future production.
- B      KT      Fa

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167. The basic philosophy of \_\_\_\_\_ is that organization members should never be satisfied with current performance.  
A. Performance management.  
B. Continuous improvement.  
C. Performance appraisal.  
D. Supply chain analysis.  
E. Human resources management.  
B GT Fa
168. An important aspect of \_\_\_\_\_ is the belief that organization members should find ways to serve customer needs more quickly.  
A. Performance management.  
B. Performance appraisal.  
C. Supply chain analysis.  
D. Human resources management.  
E. Continuous improvement.  
E GT Fa
169. A(n) \_\_\_\_\_ is a group of employees who meet periodically to discuss ways of improving the quality of their products or services.  
A. Employee relations team.  
B. Focus group.  
C. Product development team.  
D. Research and design department.  
E. Quality circle.  
E KT Fa
170. The main objective of using a(n) \_\_\_\_\_ is to have the members assume responsibility for quality and to apply everyone's full creative potential in achieving it.  
A. Employee relations team.  
B. Quality circle.  
C. Focus group.  
D. Product development team.  
E. Research and design department.  
B GT Fa
171. Cost savings from improved quality and greater customer satisfaction as well as improved worker morale and commitment are among the benefits that can be provided by a \_\_\_\_\_.  
A. Human resources department.  
B. First-line supervisor.  
C. Quality circle.  
D. Focus group.  
E. Product development team.  
C GT Ap

**Quality, Technology, and Design**

172. Modern production systems utilize \_\_\_\_\_ to better integrate the various aspects of operations as well as to permit modifications to be made quickly and in a cost-efficient fashion.
- A. Creative decision making.
  - B. Integrative brainstorming sessions.
  - C. Technology.
  - D. Quality circles.
  - E. Strategic management.
- C      GT      Fa
173. Which one of the following characteristics does NOT accurately describe the role that technology plays in the quality aspects of operations?
- A. Lean production.
  - B. Flexible manufacturing.
  - C. Agile manufacturing.
  - D. Boutique engineering.
  - E. Mass customization.
- D      GT      Fa
174. \_\_\_\_\_ uses new technologies to streamline systems and allow work to be performed with fewer workers and smaller inventories.
- A. Flexible manufacturing.
  - B. Mass customization.
  - C. Lean production.
  - D. Agile manufacturing.
  - E. Customized design.
- C      GT      Fa
175. \_\_\_\_\_ allows processes to be changed quickly and efficiently to produce different products or modifications to existing ones.
- A. Flexible manufacturing.
  - B. Mass customization.
  - C. Lean production.
  - D. Agile manufacturing.
  - E. Customized design.
- A      GT      Fa
176. Providing individualized products quickly and with the production efficiencies once only associated with the mass production of uniform products can be accomplished by using techniques such as \_\_\_\_\_ and \_\_\_\_\_.
- A. Lean production ... individualized marketing.
  - B. Flexible manufacturing ... supply chain customization.
  - C. Agile manufacturing ... mass customization.
  - D. Quick process design ... mass distribution management.
  - E. None of the above answers is correct.
- C      GT      Fa

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177. Mike's work focuses on making a difference in quality management from the perspective of how things are produced and at what level of cost and quality. His job is concerned with \_\_\_\_\_.
- A. Continuous improvement.
  - B. ISO 9000 certification.
  - C. Crosby's "four absolutes" of management.
  - D. The Baldrige National Quality Criteria.
  - E. Product design.
- E      GT      Ap
178. Progressive manufacturers that create a design that lowers production costs and improves quality in all stages of production are using a practice known as \_\_\_\_\_.
- A. Benchmarking,
  - B. Continuous improvement.
  - C. Design for manufacturing.
  - D. Operations engineering.
  - E. Design for disassembly.
- C      GT      Fa
179. A manufacturing approach that designs products with attention to how their component parts will be recycled when the product life ends is called \_\_\_\_\_.
- A. Benchmarking,
  - B. Continuous improvement.
  - C. Design for engineering.
  - D. Product engineering.
  - E. Design for disassembly.
- E      GT      Fa

**ORGANIZATIONAL CULTURE (STUDY QUESTION 4)**

180. The system of shared beliefs and values that develops within an organization and guides the behaviour of its members is called \_\_\_\_\_.
- A. Organizational culture
  - B. Corporate behavioural guidelines.
  - C. Corporate climate.
  - D. Systemic culture.
  - E. Social culture.
- A      KT      Fa
181. Jim is new to the ZYX Organization. He asks his supervisor why production standards are not modified to reflect market competition. His supervisor says, "That is the way we do things around here." The supervisor's comment is an example of \_\_\_\_\_.
- A. The supervisor's motto.
  - B. The organizational culture.
  - C. The corporate mission.
  - D. A supervisor's principle.
  - E. An outdated production manual.
- B      GT      Ap

**What Strong Cultures Do**

182. The internal culture of an organization has the potential to \_\_\_\_\_.
- A. Shape attitudes and reinforce common beliefs.
  - B. Direct behaviour.
  - C. Establish performance expectations and the motivation to fulfill them.
  - D. All of the above.
  - E. None of the above.
- D      GT      Fa
183. A strong corporate culture helps an organization because it can do all of the following EXCEPT:
- A. Provide a clear vision of what the organization is attempting to accomplish.
  - B. Allow individuals to rally around a company vision and work hard to accomplish it.
  - C. Discourage dysfunctional work behaviours.
  - D. Encourage functional work behaviours.
  - E. Ensure market domination and strong profits.
- E      GT      Fa
184. Differences among cultures can be assessed by seeking answers to all of the following questions EXCEPT:
- A. How tight or loose is the structure?
  - B. What outcomes or results are most highly valued?
  - C. How widespread is empowerment and worker involvement?
  - D. B and C.
  - E. A, B, and C.
- E      MN      Ap
185. Differences among cultures can be assessed by seeking answers to all of the following questions EXCEPT:
- A. Are decisions change oriented or driven by the status quo?
  - B. What is the climate for risk taking and innovation?
  - C. What is the competitive style, internal and external?
  - D. A and B.
  - E. A, B, and C.
- E      MN      Ap
186. Which of the following statements about strong cultures is/are accurate?
- A. Strong cultures are clear, well defined, and widely shared among members.
  - B. Strong cultures discourage dysfunctional behaviour and encourage functional behaviours.
  - C. Strong cultures commit members to doing things for and with one another that are in the best interests of the organization.
  - D. A and B.
  - E. A, B, and C.
- E      GT      Fa

187. The best organizations with strong cultures will likely do all the following EXCEPT:

- A. Have a performance orientation.
- B. Encourage teamwork.
- C. Discourage risk taking.
- D. Encourage innovation.
- E. Make the well-being of people a top management priority.

C GT Fa

***Levels of Organizational Culture***

188. The two levels of culture in organizations are \_\_\_\_\_.

- A. Strategic and operational.
- B. Functional and dysfunctional.
- C. Observable and core.
- D. Core and environmental.
- E. Rites and rituals.

C GT Fa

189. While walking through the offices during an interview with the marketing director, John notices the way people dress, the arrangement of their offices, and how the employees treat each other when passing in the hallways. This information about the company reflects its \_\_\_\_\_.

- A. Structural culture.
- B. Core culture.
- C. Observable culture.
- D. Environmental culture.
- E. Displayed culture.

C GT Ap

190. Observable culture is seen through which of the following elements of organizational life?

- A. Strategy, performance, structure, and worker involvement.
- B. Stories, symbols, heroes, and rites and rituals.
- C. Stories, relevance, pervasiveness, and strength.
- D. Rights and obligations.
- E. Core culture and corporate culture.

B GT Fa

191. Oral histories and tales about dramatic sagas and incidents in the life of the organization reflect the element of observable culture known as \_\_\_\_\_.

- A. Norms.
- B. Stories.
- C. Heroes.
- D. Rites and rituals.
- E. Symbols.

B GT Fa

192. \_\_\_\_\_ are the people who are singled out for special attention in an organization's observable culture.
- A. Norms.
  - B. Stories.
  - C. Heroes.
  - D. Rites and rituals.
  - E. Symbols.
- C      GT      Fa
193. As part of the observable culture of an organization, \_\_\_\_\_ are the ceremonies and meetings that celebrate important occasions and performance accomplishments.
- A. Norms.
  - B. Stories.
  - C. Heroes.
  - D. Rites and rituals.
  - E. Symbols.
- D      GT      Fa
194. The special use of language and other nonverbal expressions to communicate important aspects of corporate life are the \_\_\_\_\_ of observable organizational culture.
- A. Norms.
  - B. Stories.
  - C. Heroes.
  - D. Rites and rituals.
  - E. Symbols.
- E      GT      Fa
195. The underlying assumptions and beliefs that shape and guide the behaviour of organization members and actually give rise to the different aspects of observable culture can be described as the \_\_\_\_\_.
- A. Pre-observable culture.
  - B. Human values.
  - C. Core values.
  - D. Rites of passage.
  - E. Behavioural guidelines.
- C      KT      Fa
196. An investment firm is reviewing the performance of a small corporation, noting its track record in product innovation, the quality of work life of employees, and the organization's degree of involvement in environmental concerns. The investment firm seems to be interested in gathering information about which aspect of the company's culture?
- A. Profits.
  - B. Core culture.
  - C. Observable culture.
  - D. Environmental concerns.
  - E. Displayed corporate culture.
- B      GT      Ap

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197. Highly successful companies typically focus on which of the following core values?
- A. Strategy, performance, structure, and worker involvement.
  - B. Stories, symbols, heroes, and rites and rituals.
  - C. Performance excellence, innovation, social responsibility, integrity, worker involvement, customer service, and teamwork.
  - D. Symbols, stories, and strategies.
  - E. Observable behaviour, management strategy, mission statement, and strategic objectives.
- C GT Fa

**Value-Based Management**

198. \_\_\_\_\_ refers to managers who actively help develop, communicate, and enact shared values within an organization.
- A. Normative guidance.
  - B. Value-based management.
  - C. Executive morality.
  - D. Rules-based leadership.
  - E. Transactional leadership.
- B GT Fa
199. The responsibility for value-based management rests with \_\_\_\_\_.
- A. Nonsupervisory personnel.
  - B. Lower management.
  - C. Middle managers.
  - D. Top managers.
  - E. All managers and team leaders working at any level of the organization.
- E GT Fa
200. Leaders at any level of the organization should promote core values that do all of the following EXCEPT:
- A. Support key performance objectives.
  - B. Provide clear, consistent ethical anchors.
  - C. Are understood by all members of the organization or group.
  - D. Are accepted by everyone involved.
  - E. Emphasize profit maximization as the only legitimate value of business.
- E GT Fa
201. Relevance, integrity, pervasiveness, and strength are four criteria for evaluating \_\_\_\_\_.
- A. Value-based management in any work unit or team..
  - B. Desired outcomes of the organization's external environment.
  - C. Goals for managerial excellence.
  - D. Qualities for the organization's strategic objectives.
  - E. Rules of conduct in most organizations.
- A GT Fa

**Symbolic Leadership**

202. A \_\_\_\_\_ is someone who uses symbols well to establish and maintain a desired organizational cultural.
- A. Communications specialist.
  - B. Business executive.
  - C. Cultural manager.
  - D. Symbolic leader.
  - E. Organizational leader.
- D      KT      Fa
203. Which of the following statements about symbolic leaders is NOT accurate?
- A. Symbolic leaders both act and talk the language of the organization.
  - B. Symbolic leaders are careful to behave in ways that live up to the espoused core values.
  - C. Symbolic leaders de-emphasize elements of the observable culture.
  - D. Symbolic leaders are ever-present role models for others to emulate and follow.
  - E. Symbolic leaders communicate values in their spoken and written words.
- C      GT      Ap
204. Newly hired workers at Disney World are counselled to always think of themselves as more than employees; they are key “members of the cast.” They are told that Disney is not just any business, that it is an “entertainment” business. This is an example of Disney World’s use of \_\_\_\_\_.
- A. Language barriers.
  - B. Disciplinary procedures.
  - C. Language metaphors.
  - D. Company goals.
  - E. Hiring policy.
- C      GT      Ap
205. Good \_\_\_\_\_ highlight the observable culture by repeatedly telling key stories and frequently using rites and rituals to glorify the performance of the organization and its members.
- A. Team leaders.
  - B. Chief executive officers.
  - C. Managers.
  - D. Symbolic leaders.
  - E. Chief operating officers.
- D      GT      Ap

**MULTICULTURAL ORGANIZATIONS AND DIVERSITY (STUDY QUESTION 5)**

206. \_\_\_\_\_ describe(s) differences among people at work.
- A. Workforce characteristics.
  - B. Differential attributes.
  - C. Diversity.
  - D. Personality dimensions.
  - E. Alternative characteristics.
- C      KT      Fa

207. Which of the following statements does NOT accurately describe an attribute or characteristic of diversity?
- A. Race and gender are the only diversity dimensions that are relevant to the workplace.
  - B. Diversity includes everyone, including white males.
  - C. Diversity is a potential source of competitive advantage.
  - D. The way people are treated at work reflects the organization's culture.
  - E. Doing the right things in organizational leadership can enable the company to gain competitive advantage through diversity.
- A GT Fa
208. The advantages of diversity are gained only when diversity is leveraged through \_\_\_\_\_ and \_\_\_\_\_.
- A. Planning ... controlling.
  - B. Training ... supportive human resource practices.
  - C. Training ... organization development.
  - D. Leading ... supportive human resource practices.
  - E. Teamwork ... individual performance excellence.
- B GT Fa

***What Is a Multicultural Organization?***

209. In the context of organizational culture, \_\_\_\_\_ refers to the degree to which the organization is open to anyone who can perform a job, regardless of his or her race, sexual preference, gender, or other diversity attribute.
- A. Pluralism.
  - B. Imperialism.
  - C. Universalism.
  - D. Inclusivity.
  - E. Organizational openness.
- D GT Fa
210. \_\_\_\_\_ refers to inclusivity, pluralism, and respect for diversity in the workplace.
- A. Cultural diversity.
  - B. Cultural management.
  - C. Multiculturalism.
  - D. A strong culture.
  - E. An ethical culture
- C KT Fa
211. \_\_\_\_\_ organizations are based on pluralism and operate with inclusivity and respect for diversity.
- A. Multicultural organizations.
  - B. Pluralistic organizations.
  - C. Structurally designed organizations.
  - D. Conflict resolution companies.
  - E. Technologically advanced organizations.
- A GT Fa

212. \_\_\_\_\_ display characteristics such as structural integration, informal network integration, and minimum intergroup conflict.
- A. Pluralistic organizations.
  - B. Structurally designed organizations.
  - C. Conflict resolution companies.
  - D. Multicultural organizations.
  - E. Technologically advanced organizations.
- D      GT      Fa
213. Denise is applying for a position with a medium-sized, but rapidly growing insurance company. She notices that there are several senior citizens and female managers of different racial backgrounds. They all seem to be very supportive of the other workers. Denise surmises that this company must be \_\_\_\_\_.
- A. A dysfunctional place to work.
  - B. A good organization for women.
  - C. A minority-owned organization.
  - D. A multicultural organization.
  - E. An ethically sound organization.
- D      GT      Ap

#### **Organizational Subcultures**

214. \_\_\_\_\_ are common to groups of people with similar values and beliefs based upon shared work responsibilities and personal characteristics.
- A. Self-managed teams.
  - B. Work teams.
  - C. Subcultures.
  - D. Social groups.
  - E. Separate cultures.
- C      KT      Fa
215. \_\_\_\_\_ is the belief that one's membership group or subculture is superior to all others.
- A. Pluralism.
  - B. Inclusivity.
  - C. The glass ceiling.
  - D. Multiculturalism.
  - E. Ethnocentrism.
- E      GT      Fa
216. The subcultures that can be found in an organization include all of the following EXCEPT:
- A. Occupational subcultures.
  - B. Functional subcultures.
  - C. Generational subcultures.
  - D. Racial subcultures.
  - E. Divisional subcultures.
- E      GT      Fa

217. Which of the following is NOT a subculture that can be found in an organization?
- A. Generational subcultures.
  - B. Ethnic subcultures.
  - C. Educational subcultures.
  - D. Racial subcultures.
  - E. Gender subcultures.
- C      GT      Fa
218. Which of the following statements provides an accurate description about subcultures?
- A. Functional subcultures are composed of “salaried professionals” such as lawyers, scientists, engineers, and accountants.
  - B. Occupational subcultures refer to people who develop strong identities with their work groups and specific areas of task responsibilities
  - C. Ethnic subcultures reflect gaps that exist between people who grew up and are growing up during different periods of history, and whose values have thus evolved under different influences
  - D. Gender subcultures reflect differences in the values and beliefs of women and men.
  - E. Functional subcultures consist of different ethnic and racial groups that work well together.
- D      GT      Ap

***Challenges Faced by Minorities and Women***

219. One of the following statements does NOT correctly describe the challenges faced by minorities. Which statement is the incorrect statement?
- A. Differences are often distributed unequally across organizational levels or among work functions.
  - B. Minority members face special economic and work challenges, and these challenges are not always highly visible.
  - C. In the United States of America, disabled workers have benefited as much as other groups have from the economic growth of the 1990s.
  - D. Even though organizations are changing, most senior executives in large organizations are older, white, and male.
  - E. More workforce diversity is likely to exist at lower and middle levels of most organizations than at the top.
- C      GT      Ap
220. The \_\_\_\_\_ is a hidden barrier that limits the advancement of minorities in some organizations.
- A. Minority promotion policy.
  - B. Affirmative action procedure.
  - C. Diversity restraint.
  - D. Supply chain.
  - E. Glass ceiling.
- E      GT      Fa

221. The daily work challenges that can be faced by minority subcultures in organizations include all of the following EXCEPT:
- A. Misunderstanding.
  - B. Lack of sensitivity.
  - C. Sexual harassment.
  - D. Clear advancement paths.
  - E. Pay discrimination.
- D      GT      Ap
222. \_\_\_\_\_ occurs when members of minority cultures display majority culture characteristics that seem to be necessary for success in the workplace.
- A. Cultural denial.
  - B. Biculturalism.
  - C. Acceptance of majority rule.
  - D. Cultural integration.
  - E. Cultural subordination.
- B      GT      Fa

### ***Managing Diversity***

223. \_\_\_\_\_ is the process of building an organizational culture that allows all members, minorities and women included, to reach their full potential.
- A. Inclusion management.
  - B. Managing diversity.
  - C. Workplace management.
  - D. Environmental development.
  - E. High involvement management.
- B      KT      Fa
224. As the newly appointed manager of a one of the major divisions of a large company, Barbara stated that one of her objectives was to create a workplace environment that allows all kinds of people to reach their full potential in the pursuit of the division's objectives. Barbara's statement indicates that she is committed to \_\_\_\_\_.
- A. Impressing the company's top executives.
  - B. Management by objectives.
  - C. Managing the natural environment.
  - D. Managing diversity.
  - E. Human resource management.
- D      KT      Ap
225. \_\_\_\_\_ is a leadership approach to diversity in which leaders commit the organization to hiring and advancing minorities and women.
- A. Advancing action.
  - B. Subcultural management.
  - C. Human resource management.
  - D. Valuing diversity.
  - E. Managing diversity.
- A      KT      Fa

226. \_\_\_\_\_ is a leadership approach to diversity in which leaders commit the organization to education and training programs designed to help people better understand and respect individual differences.
- A. Affirmative action.
  - B. Personality education.
  - C. Human resource training.
  - D. Valuing diversity.
  - E. Managing diversity.
- D GT Fa
227. \_\_\_\_\_ is a leadership approach to diversity in which leaders commit to changing the organizational culture to empower and include all people.
- A. Cultural change management.
  - B. Organization development.
  - C. Valuing diversity.
  - D. Affirmative action.
  - E. Managing diversity.
- E GT Fa
228. Which of the following statements about a diverse workforce is NOT true?
- A. A diverse workforce offers a rich pool of talents, ideas, and viewpoints that are useful for solving the complex problems of highly competitive and often-uncertain environments.
  - B. A diverse workforce presents little management challenge in addressing various human resources issues.
  - C. A diverse workforce is best aligned with the needs and expectations of a diverse customer and stakeholder base.
  - D. A diverse workforce makes good business sense in all contexts of organizational action.
  - E. A diverse workforce helps an organization to better understand and serve the needs of the global marketplace.
- B GT Ap
229. In contemporary business, the concept of inclusiveness involves all of the following elements EXCEPT:
- A. Valuing diversity and building multicultural organizations that include everyone.
  - B. Realizing that the human talent pool includes older workers, persons with disabilities, and women.
  - C. Valuing the talents of persons of various religious, cultural and national backgrounds, and persons who are not heterosexual.
  - D. Drawing on diversity to better align organizations with the challenges and opportunities of the modern environment.
  - E. Ensuring that all stakeholders receive their fair share of the “corporate pie”.
- E GT Ap

## Multiple Choice Questions

### CHAPTER INTRODUCTION

119. Which of the following statements accurately describe the implications of globalization?
- A. Human beings live and work in a global economy.
  - B. International opportunities have important implications for businesses and their employees.
  - C. National boundaries are rapidly blurring as businesses of all types and sizes compete globally.
  - D. A and B.
  - E. A, B, and C.
- E      KT      Fa

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**INTERNATIONAL MANAGEMENT AND GLOBALIZATION (STUDY QUESTION 1)**

120. The worldwide interdependence of resource supplies, product markets, and business competition characterizes the age of \_\_\_\_\_.
- A. Trans-Asian management.
  - B. The European Union.
  - C. Free trade.
  - D. A global economy.
  - E. The multinational economy.
- D      KT      Fa
121. The global economy is characterized by the \_\_\_\_\_.
- A. Worldwide dependence of resource supplies, product markets, and business competition.
  - B. Worldwide independence of resource supplies, product markets, and business competition.
  - C. Worldwide interdependence of resource supplies, product markets, and business competition.
  - D. Worldwide distribution of resource supplies, product markets, and business competition.
  - E. Worldwide exploitation of resource supplies, product markets, and business competition.
- C      GT      Fa
122. \_\_\_\_\_ refers to the process of growing interdependence among resource supplies, product markets, and business competition on a worldwide basis.
- A. International management.
  - B. Transnational interdependence.
  - C. Globalization.
  - D. Global management.
  - E. The multinational economy.
- C      KT      Fa
123. Management activity that takes place in organizations with business interests in more than one country is known as \_\_\_\_\_.
- A. International management.
  - B. Transnational interdependence.
  - C. Globalization.
  - D. Trans-regional management.
  - E. Multinational economics.
- A      KT      Fa
124. \_\_\_\_\_ is culturally aware and informed on international issues.
- A. A cultural arbiter.
  - B. The average tourist.
  - C. A global manager.
  - D. A and B.
  - E. A and C.
- C      KT      Fa

125. Which of the following does NOT describe the characteristics of global managers?
- A. Being informed about international developments
  - B. Being competent in working with people from different cultures
  - C. Being transnational in outlook
  - D. Being focused on domestic market demands
  - E. Being aware of regional developments in a changing world.
- D      KT      Fa

### Europe

126. \_\_\_\_\_ is a political and economic alliance of European countries.
- A. European Unified Countries Pact.
  - B. European Free Trade Organization.
  - C. European International Association.
  - D. European Favoured Nation Agreement.
  - E. European Union.
- E      GT      Fa
127. The European Union is an alliance of European countries that have \_\_\_\_\_.
- A. Signed a mutual defense treaty.
  - B. Agreed to promote mutual economic growth by removing trade barriers.
  - C. Created an international organization to represent the rights and interests of workers.
  - D. Formed a political alliance to overthrow hostile governments.
  - E. Decided to promote cultural exchanges.
- B      KT      Fa
128. The \_\_\_\_\_ is/are comprised of European countries linked together through favourable trade and customs laws to facilitate the free flow of workers, goods and services, and investments across national boundaries.
- A. European Countries.
  - B. European Free Trade Organizations.
  - C. European International Association.
  - D. European Union.
  - E. European Foreign Countries.
- D      GT      Fa
129. Which of the following are competitive implications for the European Union?
- A. Free flow of workers, goods and services, and investments across national boundaries.
  - B. Each EU country has access to a market slightly smaller than the United States.
  - C. Unfavourable trade and customs laws.
  - D. All of the above.
  - E. None of the above.
- A      GT      Ap

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130. Important business and economic agreements among the EU countries include all the following EXCEPT:
- A. Eliminating frontier controls and trade barriers.
  - B. Creating uniform minimum technical product standards.
  - C. Opening government procurement to businesses from all member countries.
  - D. Discouraging a common currency among members.
  - E. Unifying financial regulations.
- D GT Fa
131. Which of the following is NOT one of the agreements among the member nations of the European Union?
- A. Lifting competitive barriers in banking and insurance.
  - B. Restricting government procurement of a member nation to businesses headquartered in that member nation..
  - C. Eliminating frontier controls and trade barriers.
  - D. Creating uniform minimum technical product standards.
  - E. Creating a common currency.
- B GT Fa
132. The \_\_\_\_\_ is the new common currency of the European Union.
- A. Zloty.
  - B. Gold Standard.
  - C. Euro.
  - D. International Dollar.
  - E. EU Franc-Mark.
- C KT Fa
133. Which of the following is NOT an expected benefit of a common European currency?
- A. A common currency will contribute to higher productivity.
  - B. A common currency will produce lower inflation rates.
  - C. A common currency will help create steady growth.
  - D. A common currency will eliminate economic uncertainties.
  - E. A common currency will have political uncertainties.
- D GT Ap

*The Americas*

134. Countries that have joined together to form the North American Free Trade Agreement (NAFTA) include \_\_\_\_\_.
- A. Canada, Mexico, and the United States.
  - B. Canada and the United States.
  - C. Canada and Mexico.
  - D. Mexico and the United States.
  - E. Canada, Greenland, and the United States.
- A KT Fa

135. The agreement that largely frees the flow of goods and services, workers, and investments among the United States, Canada, and Mexico is the \_\_\_\_\_.
- A. Transcontinental Trade Zone (TTZ).
  - B. Free Trade Area of the Americas (FTAA).
  - C. Northern Hemisphere Free Trade Association (NHFTA)
  - D. North American Free Trade Agreement (NAFTA)
  - E. Integrated Americas Trade Alliance (IATA).
- D      GT      Fa
136. The North American Free Trade Agreement has created a market of potential consumers larger than its rival, the \_\_\_\_\_.
- A. European International Association.
  - B. European Union.
  - C. European Foreign Countries.
  - D. European Free Trade Organization.
  - E. North American and European Association.
- B      GT      Fa
137. Which one of the following statements does NOT accurately describe the concerns of the countries that negotiated the North American Free Trade Agreement?
- A. Canadian firms worried about domination by United States manufacturers.
  - B. American politicians were concerned about the potential loss of jobs to Mexico.
  - C. Mexico feared a further intrusion of U.S. culture and values into Mexico.
  - D. Americans complained that Mexican businesses had lower social standards regarding the use of child labour and protection of the environment.
  - E. Canadians worried about a vast influx of Mexican immigrants into Canada, thereby providing a cheap source of labour.
- E      GT      Ap
138. Foreign manufacturing plants that are allowed to operate in Mexico with special privileges in return for employing Mexican labour are called \_\_\_\_\_.
- A. Mexican firms.
  - B. Free-trade organizations.
  - C. Privileged partners.
  - D. Canamericos.
  - E. Maquiladoras.
- E      KT      Fa
139. One of the controversies associated with NAFTA is the operation of manufacturing plants that are allowed to import materials, components, and equipment duty free. These firms are called \_\_\_\_\_.
- A. Free trade organizations.
  - B. Privileged.
  - C. Maquiladoras.
  - D. Canamericos.
  - E. Government subsidies.
- C      GT      Ap

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140. Critics of maquiladoras say they \_\_\_\_\_.
- A. Deny jobs to Americans.
  - B. Create high social costs for Mexican border towns.
  - C. Exploit lower-cost Mexican labour.
  - D. All of the above.
  - E. None of the above.
- D      GT      Fa
141. Advocates of maquiladoras say they \_\_\_\_\_.
- A. Bring increased employment to Mexicans.
  - B. Bring increased prosperity to Mexicans.
  - C. Help develop more highly skilled local workers.
  - D. A and B.
  - E. A, B, and C.
- E      GT      Fa
142. The \_\_\_\_\_ is a proposed free-trade zone that would stretch from Point Barrow, Alaska to Tierra del Fuego, Chile.
- A. Pan-American Free Trade Zone (PAFTZ).
  - B. Free Trade Area of the Americas (FTAA).
  - C. Western Hemisphere Free Trade Association (WHFTA)
  - D. Transcontinental Free Trade Consortium (TFTC).
  - E. Integrated Americas Trade Alliance (IATA).
- B      GT      Fa

*Asia and the Pacific Rim*

143. \_\_\_\_\_ is the world's largest consumer marketplace and a major exporter of clothing, computers, electrical parts and components, telecommunications equipment, and sporting goods.
- A. Japan.
  - B. China.
  - C. Malaysia.
  - D. The Philippines
  - E. Singapore.
- B      GT      Fa
144. Which of the following statements about Asia and the Pacific Rim is incorrect?
- A. Historically, Japan has possessed business strength.
  - B. South Korea, Taiwan and Singapore are increasingly prominent in the business community.
  - C. Asian countries represent about half of the global marketplace.
  - D. Business growth in Malaysia and Thailand is already significant.
  - E. Vietnam and the Philippines are making substantial progress with respect to business development.
- C      GT      Fa

145. Which of the following characteristics accurately describe Asia and the Pacific Rim?
- A. Asian countries are the world's top market for cars and telecommunications equipment.
  - B. Low-cost labour is a business advantage in Asian countries.
  - C. The growing availability of highly skilled brainpower is a business advantage in Asian countries.
  - D. A and B.
  - E. A, B, and C.
- E      GT      Fa
146. Which of the following statements does NOT accurately characterize the Asian economy at the beginning of the 21<sup>st</sup> century?
- A. Asia's economy has suffered from financial problems.
  - B. Asia is a megamarket.
  - C. Asia has achieved superpower status in the world economy.
  - D. Asia is still gaining power in the world economy.
  - E. Asia has limited long-term potential in the global marketplace.
- E      GT      Fa

### *Africa*

147. \_\_\_\_\_ is a region of contrasts. On the one hand, ethnic turmoil and civil strife are present in many countries. On the other hand, this is a region rich with international business opportunities and natural resources.
- A. North America.
  - B. Africa.
  - C. Western Europe.
  - D. Northern Europe.
  - E. Australia and New Zealand.
- B      GT      Fa
148. \_\_\_\_\_ tends to discourage international business in parts of Africa.
- A. A low economic growth rate in sub-Saharan Africa.
  - B. Poverty.
  - C. A continuing AIDS epidemic.
  - D. All of the above.
  - E. None of the above.
- D      GT      Fa
149. A Harvard University study of the foreign investment environment in Africa concluded that \_\_\_\_\_.
- A. Africa's contextual problems are manageable.
  - B. Africa's contextual problems should be viewed as opportunities.
  - C. Africa presents a promising market if a company has the necessary managerial and organizational capabilities to deal with Africa's unique business challenges.
  - D. All of the above.
  - E. None of the above.
- D      GT      Fa

150. \_\_\_\_\_ links 14 countries of southern Africa in trade and economic development efforts.
- A. South African Free Trade Association (SAFTA).
  - B. South African Development Community (SADC).
  - C. South Africa Union (SAU).
  - D. South Africa Economic Cooperative (SAEC).
  - E. South African Community (SAC).
- B      GT      Fa
151. Which of the following statements accurately describes post-apartheid South Africa?
- A. South Africa is experiencing economic recovery and attracting outside investors.
  - B. South Africa accounts for half the African continent's purchasing power.
  - C. Foreign investment in South Africa increased sharply after minority white rule ended.
  - D. A and C.
  - E. A, B, and C.
- E      GT      Fa

**INTERNATIONAL BUSINESS CHALLENGES (STUDY QUESTION 2)**

152. Conducting for-profit transactions of goods and services across national boundaries is the foundation of \_\_\_\_\_.
- A. International business.
  - B. Cross-national management.
  - C. Multinational management.
  - D. Cross-cultural intrapreneurship.
  - E. Transborder entrepreneurship.
- A      KT      Fa

***Why Companies Go International***

153. Businesses expand their operations to the international market for many reasons. Which of these is NOT a reason offered by your text?
- A. To expand profit potential.
  - B. To take advantage of decreased governmental control in host countries.
  - C. To increase access to needed raw materials.
  - D. To draw on the financial resources of many nations.
  - E. To have access to lower labour costs.
- B      GT      Fa
154. The reasons for engaging in international business include all of the following EXCEPT:
- A. Seeking profit potential.
  - B. Seeking new markets to sell products.
  - C. Seeking access to financial resources.
  - D. Seeking access to lower labour costs.
  - E. Seeking to eliminate ethical concerns.
- E      GT      Fa

**Forms of International Business**

155. Which of the following does NOT accurately characterize the conduct of international business?
- A. Global sourcing, exporting/importing, and licensing/franchising are market entry strategies for conducting international business.
  - B. Market entry strategies involve the sale of goods or services to foreign markets but do not require major capital investments.
  - C. When a business is just getting started internationally, direct investment strategies are the usual way to begin.
  - D. Direct investment strategies require major capital commitments but create rights of ownership and control over foreign operations.
  - E. Joint ventures and wholly owned subsidiaries are direct investment strategies for conducting international business.
- C GT Fa
156. The process of purchasing materials, component parts, or business services from different countries around the world is known as \_\_\_\_\_.
- A. Exporting/importing.
  - B. Licensing.
  - C. Global sourcing.
  - D. Direct investment.
  - E. Joint venture.
- C KT Fa
157. The goal of \_\_\_\_\_ is to take advantage of international wage gaps and the availability of skilled labour by contracting for goods and services in low-cost foreign locations.
- A. Exporting.
  - B. Importing.
  - C. Licensing.
  - D. Global sourcing.
  - E. Direct investment.
- D GT Fa
158. The exporting of products involves \_\_\_\_\_.
- A. Acquiring foreign-made products and selling them in domestic markets.
  - B. Contracting to provide managerial and technical service to a foreign concern.
  - C. Selling locally made products in foreign markets.
  - D. Making investments in a foreign operation.
  - E. Making direct investments in start-up operations abroad.
- C KT Fa
159. The importing of products involves \_\_\_\_\_.
- A. Acquiring foreign-made products and selling them in domestic markets.
  - B. Contracting to provide managerial and technical service to a foreign concern.
  - C. Selling locally made products in foreign markets.
  - D. Making investments in a foreign operation.
  - E. Making direct investments in start-up operations abroad.
- A KT Fa

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160. \_\_\_\_\_ is a form of international business through which a foreign company pays a fee for the rights to manufacture or sell another firm's products in a specified region.
- A. An incorporated business.
  - B. A joint venture.
  - C. A multi-company operation.
  - D. A licensing agreement.
  - E. A compensation contract.
- D      KT      Fa
161. \_\_\_\_\_ is typically grants access to unique manufacturing technology, a special patent, or trademark rights.
- A. A licensing agreement.
  - B. A compensation contract.
  - C. A joint venture.
  - D. A management contract.
  - E. A foreign subsidiary.
- A      GT      Fa
162. A form of licensing in which a foreign firm buys the rights to use another's name and operating methods in its home country is called \_\_\_\_\_.
- A. A licensing agreement.
  - B. Franchising.
  - C. A joint venture.
  - D. A management contract.
  - E. A foreign subsidiary.
- B      KT      Fa
163. A firm that establishes a direct investment in a foreign country through a co-ownership arrangement that pools resources, shares risks, and shares control of business operations is engaging in \_\_\_\_\_.
- A. A licensing agreement.
  - B. A management contract.
  - C. A joint venture.
  - D. An overseas investment fund.
  - E. An import/export arrangement.
- C      KT      Fa
164. Joint ventures are \_\_\_\_\_ that help participants to gain things through cooperation that otherwise would be difficult to achieve independently.
- A. Licensing agreements.
  - B. Management contracts.
  - C. Strategic alliances.
  - D. Foreign partnering contracts.
  - E. Import/export arrangements.
- C      GT      Fa

165. Which of the following statements provide sound advice for selecting joint venture partners in a foreign country?
- A. Choose a foreign partner with activities that do not compete with or relate closely to your firm's major business.
  - B. Choose a foreign partner with a strong local workforce.
  - C. Choose a foreign partner with good profit potential and sound financial standing.
  - D. B and C.
  - E. A, B, and C.
- D      MN      Fa
166. In selecting joint venture partners in a foreign country, a company should do all of the following EXCEPT:
- A. Choose a partner with future expansion possibilities.
  - B. Choose a partner that is a new entrant to your firm's line of business.
  - C. Choose a partner with shared interests in meeting customer needs.
  - D. Choose a partner with a strong local market for its own products.
  - E. Choose a partner with good profit potential.
- B      MN      Fa
167. Which one of the following forms of international business transactions represent investments in a local operation that is completely owned and controlled by a foreign firm?
- A. Licensing agreements.
  - B. A multinational corporation.
  - C. Management contracts.
  - D. Foreign subsidiaries.
  - E. Joint ventures.
- D      KT      Fa

### ***Complications in the Global Business Environment***

168. Foreign companies operating in the United States \_\_\_\_\_
- A. May encounter quite different laws than they are accustomed to in their home countries.
  - B. Must deal with antitrust issues that prevent competitors from regularly communicating with one another.
  - C. Must deal with special laws regarding occupational safety and health, equal employment opportunity, and sexual harassment.
  - D. All of the above.
  - E. None of the above.
- D      GT      Fa
169. Common legal problems in international business involve all of the following EXCEPT:
- A. Environmental pollution restrictions.
  - B. Incorporation practices and business ownership.
  - C. Negotiating and implementing contracts with foreign parties.
  - D. Protecting patents, trademarks, and copyrights.
  - E. Handling foreign exchange restrictions.
- A      GT      Fa

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170. The \_\_\_\_\_ is an global institution that was established to promote free trade and open markets around the world.  
A. United Nations.  
B. World Trade Organization.  
C. International Trade Council.  
D. International Monetary Fund.  
E. World Court.  
B KT Fa
171. Members of the World Trade Organization agree to give each other the most favourable treatment for imports and exports, which is known as \_\_\_\_\_.  
A. International political kickbacks.  
B. Most favoured nation status.  
C. Global greasing.  
D. Most favoured bribery status.  
E. The Import/Export Bank.  
B KT Fa
172. Political calls for tariffs and favourable treatment to help shelter domestic businesses from foreign competition is known as \_\_\_\_\_.  
A. Free trade.  
B. Restrictive trade.  
C. Protectionism.  
D. Maquiladora.  
E. Strategic economic bidding.  
C KT Fa
173. Which of the following statements about the legal environment of international business is false?  
A. Legal environments vary widely from country to country.  
B. Organizations are expected to follow the laws of the host company in which they are operating.  
C. International businesses have greater difficulty in adapting to host company ways when home and host company laws differ significantly.  
D. Encouraging international trade and protecting domestic industries can lead to conflicting laws.  
E. Organizations with operations in many countries are expected to use the laws of the nation where their corporate headquarters is located to guide all operations.  
E GT Fa

**MULTINATIONAL CORPORATIONS (STUDY QUESTION 3)**

174. The best definition of a true multinational corporation is \_\_\_\_\_.  
A. Any firm that does business abroad.  
B. A business firm that has extensive operations in one foreign country.  
C. Any import/export firm.  
D. Any joint venture with a foreign firm.  
E. A business that has extensive international operations in more than one foreign country.  
E KT Fa

175. \_\_\_\_\_ have nonprofit missions and operations that span the globe.
- A. Charities.
  - B. Nonprofit organizations.
  - C. Nongovernmental organizations.
  - D. Multinational organizations.
  - E. Multinational corporations.
- D      KT      Fa

### ***Types of Multinational Corporations***

176. A company that operates worldwide without being identified with one national home is known as a \_\_\_\_\_.
- A. Multinational corporation.
  - B. Transnational corporation.
  - C. International corporation.
  - D. Antidomestic corporation.
  - E. Supernational corporation.
- B      KT      Fa
177. Transnational corporations view the entire world as their domain for \_\_\_\_\_.
- A. Acquiring resources
  - B. Locating production facilities.
  - C. Marketing goods and services
  - D. A and B.
  - E. A, B, and C.
- E      GT      Ap
178. Which of the following statements about transnational corporations is NOT accurate?
- A. Transnational corporations seek total integration of global operations.
  - B. Transnational corporations try to operate across borders without home-based prejudices.
  - C. Transnational corporations make major decisions from a home-based perspective.
  - D. Transnational corporations distribute work among worldwide points of excellence.
  - E. Transnational corporations employ senior executives from many different countries.
- C      GT      Ap

### ***Pros and Cons of Multinational Corporations***

179. Which of the following are mutual benefits for a multinational corporation and a host country?
- A. Growth.
  - B. Learning.
  - C. Development.
  - D. B and C.
  - E. A, B, and C.
- E      GT      Fa

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180. All of the following are benefits to the host country of a multinational corporation EXCEPT:  
A. Technology transfer.  
B. Reduced tax base.  
C. Capital development.  
D. Increased employment opportunities.  
E. Development of local resources.  
B GT Fa
181. Host countries sometimes complain about the presence of multinational firms. These complaints include all of the following EXCEPT:  
A. MNCs may dominate the local economy.  
B. MNCs may export jobs to other countries.  
C. MNCs fail to market products or services needed in the local economy.  
D. MNCs may fail to transfer their most advanced technology.  
E. MNCs fail to help domestic firms develop.  
C GT Fa
182. Multinational corporations have several complaints about host countries. Which of the following is NOT one of these complaints?  
A. Foreign exchange restrictions.  
B. Pressure to buy raw materials at inflated prices.  
C. Pressure to keep local wage rates low.  
D. Failure to protect intellectual property.  
E. Failure to uphold contracts.  
C GT Fa
183. Multinational corporations are often criticized at home for \_\_\_\_\_.  
A. Diverting labour-intensive jobs from the domestic labour force to foreign labour markets.  
B. Diverting capital investments away from the domestic market.  
C. Allowing or encouraging corrupt practices in their foreign subsidiaries.  
D. All of the above.  
E. None of the above.  
D GT Fa

***Ethical Issues for Multinational Operations***

184. Engaging in illegal practices to further one's business interests is known as \_\_\_\_\_.  
A. Exploitation.  
B. Self-management.  
C. Corruption.  
D. Self-efficacy.  
E. An ethical dilemma.  
C KT Fa

185. In the Canada, the Corruption of Foreign Public Officials Act is controversial because the act \_\_\_\_\_.
- A. Makes it hard for foreign firms to do business in the Canada.
  - B. Makes it illegal for Canadian firms to engage in corrupt practices overseas.
  - C. Allows Canadian firms to make payoffs to foreign officials in order to obtain or keep business.
  - D. Makes it legal for foreign firms to use corrupt practices in the Canada.
  - E. Makes it illegal for foreign firms to use corrupt practices in the Canada.
- B      GT      Fa
186. Ethical issues in international business include which of the following?
- A. Sweatshop operations that employ local labour at low wages and often in poor working conditions.
  - B. Usage of child labour in the manufacture of handmade products.
  - C. Protection of the natural environment.
  - D. All of the above.
  - E. None of the above.
- D      GT      Fa
187. \_\_\_\_\_ employs workers at very low wages and often in poor working conditions.
- A. A low-context culture.
  - B. A high-context culture.
  - C. An ethnocentric culture.
  - D. A sweatshop.
  - E. A multinational corporation.
- D      KT      Fa
188. Child labour involves the full-time employment of children for work \_\_\_\_\_.
- A. That requires short people.
  - B. That requires small hands.
  - C. That is normally performed by adults.
  - D. A and B.
  - E. A, B, and C.
- C      KT      Fa
189. Which of the following statements about child labour is/are true?
- A. Child labour is an important international business concern.
  - B. Child labour is a highly controversial issue.
  - C. Initiatives to eliminate child labour have been undertaken by social activists.
  - D. A and B.
  - E. A, B, and C.
- E      GT      Fa

190. \_\_\_\_\_ meets the needs of the present generation without compromising the ability of future generations to meet their needs.
- A. Generational generosity.
  - B. Sustainable development.
  - C. Intergenerational peace.
  - D. Generational compromise.
  - E. Intergenerational collaboration.
- B      KT      Fa
191. The extent of global environmental protection is affected by all of the following concerns and practices EXCEPT:
- A. The world's citizenry increasingly expects global corporations to respect the natural environment and to pursue safe industrial practices.
  - B. Only the highly industrialized nations are worried about industrial pollution of cities, hazardous waste disposal, and depletion of natural resources.
  - C. Activist groups are promoting sustainable development to meet the needs of the present generation without compromising the ability of future generations to meet their own needs.
  - D. ISO 14000 provides guidelines for responsible environmental policies.
  - E. The world's citizenry is worried about the possibilities of global environmental disasters.
- B      GT      Ap
192. \_\_\_\_\_ refers to a set of certification standards for responsible environmental practices and sustainable development throughout the world.
- A. ISO 9000.
  - B. REPSD 9000.
  - C. ISO 14000.
  - D. ISBN 14000.
  - E. REPSD 14000.
- C      KT      Fa

**CULTURE AND GLOBAL DIVERSITY (STUDY QUESTION 4)**

193. A shared set of beliefs, values, and patterns of behaviour common to a group of people is referred to as \_\_\_\_\_.
- A. Culture.
  - B. The legal system.
  - C. The economic system.
  - D. Group character.
  - E. National style.
- A      KT      Fa
194. \_\_\_\_\_ is the confusion and discomfort a person experiences when in an unfamiliar culture.
- A. Groupthink.
  - B. Polycentrism.
  - C. Ethnocentrism.
  - D. Culture shock.
  - E. Jet lag.
- D      KT      Fa

195. \_\_\_\_\_ is the tendency to view one's culture as superior to others.
- A. Culture shock.
  - B. A monochronic culture.
  - C. Power distance.
  - D. An inner-directed view.
  - E. Ethnocentrism.
- E      KT      Fa
196. Which of the following statements accurately describe the basic building blocks of cultural awareness?
- A. Self-management and respect.
  - B. Self-awareness and reasonable cultural sensitivity.
  - C. Respect and emotional intelligence.
  - D. Diversity leadership and self-awareness.
  - E. Emotional intelligence and self-management.
- B      GT      Fa
197. Which sequence accurately describes the stages that a person goes through in adjusting to a new culture?
- A. The honeymoon, confusion, irritation/anger, small victories, and reality.
  - B. Small victories, the honeymoon, reality, irritation/anger, and confusion.
  - C. Confusion, small victories, the honeymoon, irritation/anger, and reality.
  - D. Confusion, irritation/anger, reality, small victories, and the honeymoon.
  - E. The honeymoon, small victories, reality, confusion, and irritation/anger.
- C      MN      Fa

### **Popular Dimensions of Culture**

198. Which of the following statements about language and culture is/are correct?
- A. Language is a medium of culture.
  - B. Language provides access to the cultural understanding needed to conduct business and develop interpersonal relationships.
  - C. While languages vary around the world, the same language is very consistent in usage from one country to the next.
  - D. A and B.
  - E. B and C.
- D      GT      Ap
199. \_\_\_\_\_ cultures are those in which most communication takes place via the written or spoken word.
- A. Low-context.
  - B. Middle-context.
  - C. High-context.
  - D. Corporate.
  - E. Organizational.
- A      KT      Fa

200. \_\_\_\_\_ cultures are those in which much communication takes place through nonverbal and situational cues in addition to the written or spoken word.  
A. Low-context.  
B. Middle-context.  
C. High-context.  
D. Corporate.  
E. Organizational.  
C KT Fa
201. Which of the following statements provides an incorrect description of the role of interpersonal space in culture?  
A. Interpersonal space is a silent language of culture.  
B. Arabs prefer closer interpersonal space in terms of communication.  
C. Americans tend to prefer wider interpersonal space in communication.  
D. Latin Americans dislike close interpersonal space in communication.  
E. In Japan, executive offices are likely to be shared even in major corporations.  
D GT Fa
202. In \_\_\_\_\_, people tend to do one thing at a time.  
A. Polychronic cultures.  
B. Monochronic cultures.  
C. Ethical cultures.  
D. Time dependent cultures.  
E. Sensitive cultures.  
B KT Fa
203. In \_\_\_\_\_, time is used to accomplish many different things at once.  
A. Polychronic cultures.  
B. Monochronic cultures.  
C. Ethical cultures.  
D. Time dependent cultures.  
E. Sensitive cultures.  
A KT Fa
204. As a cultural variable, religion may \_\_\_\_\_.  
A. Affect business practices regarding dress, food, and interpersonal behaviour.  
B. Provide ethical and moral guidance for personal and organizational activities.  
C. Require business people to be sensitive to the rituals, holy days, and other expectations associated with the host nation's religious tradition(s).  
D. B and C.  
E. A, B, and C.  
E GT Ap

205. Which of the following is a true statement about the role of contracts in different cultures?
- A. Cultures vary in their use of contracts and agreements.
  - B. In China a contract is viewed as a final and binding agreement.
  - C. Contracts tend to be viewed as binding agreements in high-context cultures.
  - D. Written contracts are viewed as a starting point in low-context cultures.
  - E. In low-context cultures, written contracts continue to emerge and are modified as the parties work together.
- A      GT      Ap

### **Values and National Cultures**

206. Geert Hofstede has developed a framework consisting of five dimensions for understanding the management implications of broad differences in national cultures. Which one of the following statements accurately identifies these five dimensions?
- A. Location, certainty avoidance, individualism-collectivism, masculinity-femininity, and religious tradition.
  - B. Power distance, certainty avoidance, individualism-utilitarianism, masculinity-femininity, and religious tradition.
  - C. Political distance, uncertainty avoidance, utilitarianism-collectivism, masculinity-femininity, and time orientation.
  - D. Power distance, uncertainty avoidance, individualism-collectivism, masculinity-femininity, and time orientation.
  - E. Power distance, uncertainty avoidance, individualism-collectivism, totalitarianism-decentralization, and economic opportunities.
- D      GT      Fa
207. Which of the following descriptions best represent Hofstede's power distance dimension?
- A. Reliance on group decisions versus reliance on individual decisions.
  - B. Everybody should have equal rights versus the ones who are in control are entitled to privilege.
  - C. Willingness to take risks versus concern with security in life.
  - D. Interdependence versus independence.
  - E. Time is free versus time is money.
- B      GT      Fa
208. Hofstede defined his uncertainty avoidance dimension of national culture as \_\_\_\_\_.
- A. The degree to which a society is uncomfortable with risk, change, and situational uncertainties.
  - B. The degree to which a society accepts a hierarchical or unequal distribution of power in organizations.
  - C. The degree to which a society emphasizes individual accomplishments and self-interests versus the collective accomplishments and interests of groups.
  - D. The degree to which a society emphasizes assertiveness and material concerns versus greater concerns for human relationships and feelings.
  - E. The degree to which a society emphasizes short-term considerations versus greater concern for the future.
- A      GT      Fa

209. Which of the following descriptions represent Hofstede's individualism-collectivism dimension?
- A. All people should have equal rights versus the ones in control are entitled to privilege.
  - B. Willingness to take risks versus concern with security in life.
  - C. Reliance on individual accomplishments and self-interests versus the collective accomplishments and interests of the group.
  - D. Interdependence versus independence.
  - E. Time is free versus time is money.
- C GT Fa
210. Which of the following descriptions represent Hofstede's masculinity-femininity dimension?
- A. Reliance on group decisions versus reliance on individual decisions.
  - B. Everyone should have equal rights versus the ones in control should be entitled to privilege.
  - C. Willingness to take risks versus concern with security in life.
  - D. Assertiveness and material concerns versus concerns for human relationships and feelings.
  - E. Time is free versus time is money.
- D GT Fa
211. Hofstede defined his time orientation dimension of national culture as \_\_\_\_\_.
- A. The degree to which a society tolerates risk and situational uncertainties.
  - B. The degree to which a society accepts a hierarchical or unequal distribution of power in organizations.
  - C. The degree to which a society relies on individual accomplishments and self-interests versus the collective accomplishments and interests of the group.
  - D. The degree to which a society emphasizes assertiveness and material concerns versus greater concerns for human relationships and feelings.
  - E. The degree to which a society emphasizes short-term considerations versus greater concern for the future.
- E GT Fa
212. Hofstede's cultural framework helps identify useful managerial implications of cultural differences, including all of the following EXCEPT:
- A. Workers from high power distance cultures can be expected to respect people in authority.
  - B. In high uncertainty avoidance cultures, employment practices that increase job security are likely to be used.
  - C. In highly individualistic societies, workers are likely to emphasize self-interests over group loyalty.
  - D. In more feminine societies, the workplace displays more rigid gender stereotypes.
  - E. In long-term cultures, business strategies are oriented toward the long term.
- D GT Ap

*Understanding Cultural Diversity*

213. Fons Trompenaars's framework for identifying systematic cultural differences focuses on \_\_\_\_\_.
- A. The way relationships are handled among people.
  - B. Attitudes toward time.
  - C. Attitudes toward the environment.
  - D. B and C.
  - E. A, B, and C.
- E      GT      Fa
214. According to Fons Trompenaars, \_\_\_\_\_ is the degree to which a culture emphasizes rules and consistency in relationships, or accepts flexibility and the bending of rules to fit circumstances.
- A. Individualism versus collectivism.
  - B. Universalism versus particularism.
  - C. Neutral versus affective.
  - D. Specific versus diffuse.
  - E. Achievement versus prescription.
- B      GT      Fa
215. According to Fons Trompenaars, \_\_\_\_\_ is the degree to which a culture emphasizes individual freedoms and responsibilities in relationships, or focuses more on group interests and consensus.
- A. Individualism versus collectivism.
  - B. Universalism versus particularism.
  - C. Neutral versus affective.
  - D. Specific versus diffuse.
  - E. Achievement versus prescription.
- A      GT      Fa
216. According to Fons Trompenaars, \_\_\_\_\_ is the degree to which a culture emphasizes objectivity and reserved detachment in relationships, or allows for more emotionality and expressed feelings.
- A. Individualism versus collectivism.
  - B. Universalism versus particularism.
  - C. Neutral versus affective.
  - D. Specific versus diffuse.
  - E. Achievement versus prescription.
- C      GT      Fa
217. According to Fons Trompenaars, \_\_\_\_\_ is the degree to which a culture emphasizes focused and in-depth relationships, or broader and more superficial ones.
- A. Individualism versus collectivism.
  - B. Universalism versus particularism.
  - C. Neutral versus affective.
  - D. Specific versus diffuse.
  - E. Achievement versus prescription.
- D      GT      Fa

218. According to Fons Trompenaars, \_\_\_\_\_ is the degree to which a culture emphasizes an earned or performance-based status in relationships, or awards status based on social standing and nonperformance factors.
- A. Individualism versus collectivism.
  - B. Universalism versus particularism.
  - C. Neutral versus affective.
  - D. Specific versus diffuse.
  - E. Achievement versus prescription.
- E GT Fa
219. The \_\_\_\_\_ of time refers to a culture that views time as a continuous and passing series of events that are recycled.
- A. Time conscience view.
  - B. Sequential view.
  - C. Synchronic view.
  - D. Polychronic view.
  - E. Appreciation for time view.
- B GT Fa
220. The \_\_\_\_\_ of time refers to a culture that views time as linear with sense of urgency in moving from present to future.
- A. Sequential view.
  - B. Time conscience view.
  - C. Synchronic view.
  - D. Polychronic view.
  - E. Analytical view of time.
- C GT Fa
221. Fons Trompenaars recognizes that cultures vary in their approach to the environment. In a(n) \_\_\_\_\_ culture, people tend to view themselves as separate from nature.
- A. Outer-directed.
  - B. Self-directed.
  - C. Inner-directed.
  - D. Self-motivating.
  - E. Distrusting.
- C GT FA
222. Fons Trompenaars' cultural framework suggests that in a(n) \_\_\_\_\_ culture, people tend to view themselves as part of nature.
- A. Inner-directed.
  - B. Naturalist.
  - C. Environmentally friendly.
  - D. Outer-directed.
  - E. Humanist.
- D GT Fa

**MANAGEMENT ACROSS CULTURES (STUDY QUESTION 5)**

223. \_\_\_\_\_ is the study of how management practices systematically differ among countries and/or cultures.
- A. International management.
  - B. Comparative management.
  - C. International business.
  - D. Theory Z.
  - E. Political-risk analysis.
- B      KT      Fa

224. The global manager is a person who is \_\_\_\_\_.
- A. Comfortable with cultural diversity.
  - B. Quick to find opportunities in unfamiliar settings.
  - C. Able to utilize economic, social, technological, and other forces for the benefit of the organization.
  - D. All of the above.
  - E. None of the above.
- D      GT      Fa

***Planning and Controlling***

225. Which one of the following statements accurately describe planning and controlling of global operations?
- A. Increasingly, technology facilitates the planning and controlling of global operations through vastly improved communications systems.
  - B. Businesses with investments in foreign countries must remain cautious about the risk of doing business across political and economic borders.
  - C. Political risk analysis is used to forecast the probability that events — like social instabilities due to ethnic differences, armed conflicts, and new laws and economic policies — will threaten the security of a foreign investment.
  - D. A and B.
  - E. A, B, and C.
- E      GT      Fa
226. \_\_\_\_\_ refers to potential loss due to fluctuating exchange rates.
- A. Political risk.
  - B. Currency risk.
  - C. Business risk.
  - D. Social risk.
  - E. Economic risk.
- B      KT      Fa

227. \_\_\_\_\_ is the potential loss of one's investment in or managerial control of a foreign asset due to changes in the host country's political environment.
- A. Economic instability.
  - B. Corporate malfeasance.
  - C. Political instability.
  - D. Political risk.
  - E. Sociocultural risk.
- D      KT      Fa

228. Forecasting the probability of disruptive events that may threaten the security of a foreign investment is referred to as \_\_\_\_\_ analysis.
- A. Political-risk.
  - B. Security.
  - C. Economic-security.
  - D. Investment-risk.
  - E. Foreign-instability.
- A      KT      Fa

***Organizing and Leading***

229. The \_\_\_\_\_ is an organizing option that arranges production and sales functions into separate geographical units.
- A. Multinational flexible structure.
  - B. Global area structure.
  - C. Global product structure.
  - D. Global centralized structure.
  - E. Multinational decentralized structure.
- B      GT      Fa

230. The International Consumer Products Company manufactures and sells a variety of household cleaning supplies, personal care products, and food products in Europe, North America, and South America. Their production and distribution operations are organized into divisions corresponding to each of these world regions. International Consumer Products Company is using a(n) \_\_\_\_\_.
- A. Multinational flexible structure.
  - B. Global area structure.
  - C. Global product structure.
  - D. Global centralized structure.
  - E. Multinational decentralized structure.
- B      GT      Ap

231. The \_\_\_\_\_ is an organizing option that gives worldwide responsibilities to product group managers, who are assisted by area specialists on the corporate staff.
- A. Multinational flexible structure.
  - B. Global area structure.
  - C. Global product structure.
  - D. Global centralized structure.
  - E. Multinational decentralized structure.
- C      GT      Fa

232. TransGlobal Corporation manufactures computers, steel, and a variety of soft drinks for the worldwide market. Each product line is managed by a separate staff that is assigned total corporate and worldwide responsibility for manufacturing that product. TransGlobal also utilizes a number of geographic area specialists who help coordinate product manufacturing in a given area. TransGlobal is utilizing a \_\_\_\_\_.
- A. Multinational flexible structure.
  - B. Global area structure.
  - C. Global product structure.
  - D. Global centralized structure.
  - E. Multinational decentralized structure.
- C      GT      Ap
233. Employees who live and work in foreign countries on short-term or long-term assignments are known as \_\_\_\_\_.
- A. Host nation employees.
  - B. Foreign correspondents.
  - C. Expatriates.
  - D. Nationalized employees.
  - E. Cultural adaptives.
- C      KT      Fa
234. Several personal attributes are considered important for the success of employees who accept overseas assignments. Which of the following is NOT one of these important personal attributes?
- A. A high degree of self-awareness and cultural sensitivity.
  - B. A real desire to live and work abroad.
  - C. Family flexibility and support.
  - D. Technical competence in one's job
  - E. Exceptional capability with information technology.
- E      GT      Fa

***Are Management Theories Universal?***

235. One of the concerns of multinational corporations is whether North American management practices and theories are appropriate for use in foreign countries. Hofstede's research in this area indicates that American theories \_\_\_\_\_.
- A. Are universally applicable since they are good theories.
  - B. Are only valid within the North America.
  - C. Work best within North American-based multinational corporations.
  - D. Are still ethnocentric.
  - E. Work best within English-speaking countries.
- D      GT      Fa

236. Which of the following statements accurately describes Hofstede's assessment of the universality of management theories?
- A. North American motivation theories are highly applicable in collectivist cultures.
  - B. Participative concepts of leadership are more transferable to cultures with high power distance scores.
  - C. North American and Western European management theories are free of ethnocentrism.
  - D. All of the above.
  - E. None of the above.
- E    GT    Ap
237. The text discusses characteristics of the Japanese approach to management. Which of the following is NOT one of these characteristics?
- A. Japanese workers intend to work for an organization their entire career.
  - B. Japanese managers experience gradual career advancement.
  - C. Japanese firms utilize practices that reflect their cultural traditions such as long-term orientation, collectivism, and high power distance.
  - D. Japanese management practice emphasizes job enrichment and focuses on restructuring individual jobs to suit individual needs.
  - E. Japanese managers utilize collective decision making.
- D    GT    Fa

***Global Organizational Learning***

238. Companies that believe in \_\_\_\_\_ realize that businesses around the world have much to share with and learn from on another.
- A. Transnational knowledge positioning.
  - B. Global organizational learning.
  - C. Expatriate knowledge sharing.
  - D. International trade.
  - E. Cross-cultural management of intellectual property.
- B    GT    Ap
239. In international businesses with \_\_\_\_\_, managers tend to believe that the best managerial approaches are always found at home.
- A. Concentric attitudes.
  - B. Monocentric attitudes
  - C. Ethnocentric attitudes.
  - D. Polycentric attitudes.
  - E. Geocentric attitudes.
- C    KT    Fa
240. In international businesses with \_\_\_\_\_, managers respect the knowledge and practices of locals and allow them to largely run the operation in their countries.
- A. Concentric attitudes.
  - B. Monocentric attitudes
  - C. Ethnocentric attitudes.
  - D. Polycentric attitudes.
  - E. Geocentric attitudes.
- D    KT    Fa

241. In international businesses with \_\_\_\_\_, managers genuinely value talent and best practices from all over the globe.
- A. Concentric attitudes.
  - B. Monocentric attitudes
  - C. Ethnocentric attitudes.
  - D. Polycentric attitudes.
  - E. Geocentric attitudes.
- E      KT      Fa
242. To promote global organizational learning, organizations and their members should \_\_\_\_\_.
- A. Share with and learn from one another, particularly from excellent companies, both at home and abroad.
  - B. Appreciate the constraints and opportunities of different national cultures and environments.
  - C. Be alert, open, inquiring, and cautious regarding the potential merits of management practices found in other countries and how they are affected by cultural variables.
  - D. All of the above.
  - E. None of the above.
- D      GT      Ap

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## Multiple Choice Questions

### CHAPTER INTRODUCTION

106. Which of the following statements provides an accurate description of an entrepreneur?
- A. An entrepreneur starts his or her own business.
  - B. An entrepreneur is his or her own boss.
  - C. An entrepreneur can make his or her own special contribution to society.
  - D. A and B.
  - E. A, B, and C.

E GT Ap

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**THE NATURE OF ENTREPRENEURSHIP (STUDY QUESTION 1)**

107. Success in highly competitive business environments depends on \_\_\_\_\_.
- A. Entrepreneurship.
  - B. Venture capitalists.
  - C. Access to wealthy investors.
  - D. Establishing a corporate form of ownership.
  - E. Minimizing risk.
- A      GT      Fa
108. \_\_\_\_\_ describes strategic thinking and risk-taking behaviour that results in the creation of new opportunities for individuals and/or organizations.
- A. Strategic planning.
  - B. Angel investing.
  - C. Entrepreneurship.
  - D. Management development.
  - E. Organizational development.
- C      KT      Fa
109. H. Wayne Huizenga believes that “An important part of \_\_\_\_\_ is a gut instinct that allows you to believe in your heart that something will work even though everyone else says it will not.”
- A. Being an entrepreneur.
  - B. Visioning.
  - C. Business venturing.
  - D. Strategic management.
  - E. Small business success.
- A      GT      Ap

***Who Are the Entrepreneurs?***

110. \_\_\_\_\_ is a risk-taking individual who takes action to pursue opportunities and situations others fail to recognize, or even view as problems or threats.
- A. A daredevil.
  - B. An opportunist.
  - C. An intrapreneur.
  - D. An entrepreneur.
  - E. A managerial activist.
- D      KT      Fa
111. An entrepreneur is an individual who \_\_\_\_\_.
- A. Takes risks.
  - B. Takes action to pursue opportunities and situations others may fail to recognize as such.
  - C. Takes action to pursue opportunities and situations others may view as problems or threats.
  - D. Both B and C.
  - E. A, B, and C.
- E      KT      Fa

112. The entrepreneur, Frank Stronach, founded which business(es)?  
 A. Magna International Inc.  
 B. Virgin Airlines, Virgin Records, and Virgin Cola.  
 C. *Black Enterprise* magazine.  
 D. Waste Management, Inc., Auto Nation, Inc., the Miami Dolphins football team, and Blockbuster Video.  
 E. The Body Shop PLC.  
 A GT Ap
113. Which of the following succinctly captures the entrepreneurial viewpoint of Frank Stronach?  
 A. Fair Enterprise ensures the rights of employees, management, and investors to share in the profits they all help produce.  
 B. I love to learn things that I know little about.  
 C. I feel that a large part of my role as publisher of *Black Enterprise* is to be a catalyst for black economic development in this country.  
 D. Success depends on seizing the moment and sometimes creating your own opportunity.  
 E. If you think you're too small to have an impact, try going to bed with a mosquito.  
 A GT Ap
114. The entrepreneur, Richard Branson, founded which business(es)?  
 A. Mary Kay Cosmetics.  
 B. Virgin Airlines, Virgin Records, and Virgin Cola.  
 C. *Black Enterprise* magazine.  
 D. Waste Management, Inc., Auto Nation, Inc., the Miami Dolphins football team, and Blockbuster Video.  
 E. The Body Shop PLC.  
 B GT Ap
115. Which of the following quotes succinctly captures the entrepreneurial perspective of Richard Branson?  
 A. The goal from the beginning has been "to help women everywhere reach their full potential."  
 B. "I love to learn things that I know little about."  
 C. "I feel that a large part of my role as publisher of *Black Enterprise* is to be a catalyst for black economic development in this country."  
 D. "Success depends on seizing the moment and sometimes creating your own opportunity."  
 E. "If you think you're too small to have an impact, try going to bed with a mosquito."  
 B GT Ap
116. The entrepreneur, Heather Reisman, founded which business(es)?  
 A. Mary Kay Cosmetics.  
 B. Virgin Airlines, Virgin Records, and Virgin Cola.  
 C. Indigo Books & Music Inc..  
 D. Waste Management, Inc., Auto Nation, Inc., the Miami Dolphins football team, and Blockbuster Video.  
 E. The Body Shop PLC.  
 C GT Ap

117. Which of the following succinctly captures the entrepreneurial viewpoint of Heather Reisman?  
A. The goal from the beginning has been “to help women everywhere reach their full potential.”  
B. I love to learn things that I know little about.  
C. Using a strong growth and change strategy she developed the largest book seller in Canada.  
D. Success depends on seizing the moment and sometimes creating your own opportunity.”  
E. “If you think you’re too small to have an impact, try going to bed with a mosquito.”  
C GT Ap
118. The entrepreneur, Frank Sobey, founded which business(es)?  
A. Mary Kay Cosmetics.  
B. Virgin Airlines, Virgin Records, and Virgin Cola.  
C. *Black Enterprise* magazine.  
D. Sobeys’ Lawton  
E. The Body Shop PLC.  
D GT Ap
119. Which of the following succinctly captures the entrepreneurial perspective of Frank Sobey?  
A. The goal from the beginning has been “to help women everywhere reach their full potential.”  
B. I love to learn things that I know little about.  
C. Success depends on seizing the moment and sometimes creating your own opportunity.  
D. Grow your business one customer at a time.  
E. “If you think you’re too small to have an impact, try going to bed with a mosquito.”  
D GT Ap
120. The entrepreneur, Teresa Cascioli, founded which business(es)?  
A. Magna International Inc.  
B. Virgin Airlines, Virgin Records, and Virgin Cola.  
C. Indigo Books & Music Inc..  
D. Waste Management, Inc., Auto Nation, Inc., the Miami Dolphins football team, and Blockbuster Video.  
E. Lakeport Brewing Limited Partnership.  
E GT Ap
121. Which of the following succinctly captures the entrepreneurial philosophy Tereas Cascioli?  
A. The goal from the beginning has been “to help women everywhere reach their full potential.”  
B. I love to learn things that I know little about.  
C. Success depends on seizing the moment and sometimes creating your own opportunity.  
D. Grow your business one customer at a time.  
E. Took over a brewery under bankruptcy protection and made it profitable through cutting prices and expanding market share through innovative ideas.  
E GT Ap

122. The entrepreneur, Ron Joyce, founded which business(es)?
- A. Magna International Inc..
  - B. Virgin Airlines, Virgin Records, and Virgin Cola.
  - C. Sobey's.
  - D. Tim Hortons.
  - E. The Body Shop PLC.
- D      GT      Ap

**Characteristics of Entrepreneurs**

123. Entrepreneurs include \_\_\_\_\_.
- A. Founders of new business enterprises that achieve large-scale success.
  - B. People who buy a local franchise outlet, open a small retail shop, or go into a self-employed service business.
  - C. People who assume responsibility for introducing a new product or a change in operations in an existing organization.
  - D. All of the above.
  - E. Only A and B above.
- D      GT      Fa
124. The characteristics that are typically associated with entrepreneurs include all of the following EXCEPT:
- A. Internal locus of control.
  - B. High need for achievement.
  - C. Intolerance for ambiguity.
  - D. Action orientation.
  - E. Self-confidence.
- C      GT      Fa
125. Which one of the following statements does NOT accurately describe entrepreneurs?
- A. Entrepreneurs believe that they control their own destiny; they are self-directing and like autonomy.
  - B. Entrepreneurs are persistent, hard working, and willing to exert extraordinary efforts to succeed.
  - C. Entrepreneurs are motivated to act collectively to accomplish challenging goals.
  - D. Entrepreneurs are risk takers; they tolerate situations with high degrees of uncertainty.
  - E. Entrepreneurs feel competent, believe in themselves, and are willing to make decisions.
- C      GT      Fa
126. Entrepreneurs share all of the following characteristics EXCEPT:
- A. Entrepreneurs believe that they control their own destiny; they are self-directing and like autonomy.
  - B. Entrepreneurs are risk minimizers since this is the best way to control their own destinies.
  - C. Entrepreneurs are motivated to act individually to accomplish challenging goals; they thrive on performance feedback.
  - D. Entrepreneurs try to act ahead of problems; they want to get things done quickly and do not want to waste valuable time.
  - E. Entrepreneurs want to be independent; they are highly self-reliant and want to be their own boss rather than to work for others.
- B      GT      Fa

127. Entrepreneurs tend to have unique backgrounds and experiences. Which of the following is/are included among these distinguishing experiences and backgrounds?
- A. Entrepreneurs tend to have parents who were entrepreneurs or self-employed.
  - B. Entrepreneurs tend to be raised in families that encourage responsibility, initiative, and independence.
  - C. Most entrepreneurs start their businesses between the ages of 45 and 55.
  - D. A and B.
  - E. A and C.
- D      GT      Fa
128. Entrepreneurs tend to have distinguishable backgrounds and experiences, including all but which one of the following?
- A. Entrepreneurs typically come from families with strong corporate career backgrounds and seek independence from the corporate bureaucracies that dominated their parents.
  - B. Entrepreneurs seek independence and the sense of mastery that comes with success.
  - C. Entrepreneurs tend to have prior career or personal experience in the business area or industry in which they develop an entrepreneurial venture.
  - D. Entrepreneurs have strong interests in creative production and enterprise control
  - E. Entrepreneurs often try more than one business venture.
- A      GT      Fa

***Diversity and Entrepreneurship***

129. Women own approximately \_\_\_\_\_ of all Canadian businesses.
- A. 10 percent.
  - B. 17 percent.
  - C. 25 percent.
  - D. 33 percent.
  - E. 46 percent.
- D      GT      Fa
130. Reasons for women starting new businesses include all of the following EXCEPT:
- A. Being motivated by an entrepreneurial idea.
  - B. Having a new idea.
  - C. Realizing that they could do for themselves what they were already doing for other employers.
  - D. Being taken seriously by their prior employer.
  - E. Experiencing glass ceiling issues.
- D      GT      Fa
131. Women of color seek entrepreneurial opportunities as a result of: \_\_\_\_\_.
- A. Glass ceiling problems most frequently traced to not being recognized or valued by their prior employers.
  - B. Not being taken seriously by their prior employers.
  - C. Seeing others promoted ahead of them.
  - D. All of the above.
  - E. None of the above.
- D      GT      Fa

132. Minority-owned businesses are one of the \_\_\_\_\_ sectors of the Canadian economy.  
 A. Fastest growing.  
 B. Slowest growing.  
 C. Most profitable.  
 D. Best funded.  
 E. Most technologically advanced.  
 A GT Fa
133. There are certain myths about entrepreneurs. Which of the following is NOT one of these myths?  
 A. Entrepreneurs are made, not born.  
 B. Entrepreneurs are gamblers.  
 C. Money is the key to entrepreneurial success.  
 D. You have to be young to be an entrepreneur.  
 E. You must have a degree in business to be an entrepreneur.  
 A MN Fa
134. All of the following statements about entrepreneurs are accurate EXCEPT:  
 A. Talent gained and enhanced by experience is a foundation for entrepreneurial success.  
 B. Entrepreneurs are risk takers, but the risks are informed and calculated.  
 C. Entrepreneurs must have a business degree.  
 D. Just having money is no guarantee of success; many entrepreneurs start with very little money.  
 E. Age alone is not a barrier to entrepreneurship; with age often comes experience, contacts, and other useful resources.  
 C MN Fa

**ENTREPRENEURSHIP AND SMALL BUSINESSES (STUDY QUESTION 2)**

135. Which of the following is NOT one of the defining characteristics of small businesses?  
 A. A business with 500 or fewer employees.  
 B. A business with fewer than 100 employees.  
 C. A business that is independently owned.  
 D. A business that is independently operated.  
 E. A business that does not dominate its industry.  
 B KT Fa
136. Small Canadian businesses employ just over \_\_\_\_\_ of the private labour force.  
 A. 30 percent.  
 B. 45 percent.  
 C. 50 percent.  
 D. 75 percent.  
 E. 99 percent.  
 C GT Fa
137. The reasons that people commonly cite for pursuing entrepreneurship and launching their own businesses include which of the following?  
 A. Wanting be one's own boss and controlling one's future.  
 B. Working for a family-owned business.  
 C. Seeking to fulfill a dream.  
 D. A and C.  
 E. A, B, and C.  
 E GT Fa

138. The common ways for an entrepreneur to become involved in a small business include which of the following?
- A. Start a small business.
  - B. Buy an existing small business.
  - C. Buy and run a franchise.
  - D. Both A and B.
  - E. A, B, and C.
- E      GT      Fa
139. A(n) \_\_\_\_\_ is where a business owner sells to another person the right to operate the same business in another location, under the original owner's business name and guidance.
- A. Franchise.
  - B. Outsourcing alliance.
  - C. Supplier alliance.
  - D. Distribution alliance.
  - E. Professional partnership.
- A      KT      Fa

***Entrepreneurship and the Internet***

140. Which of the following statements about entrepreneurship and the Internet is/are correct?
- A. The Internet has created numerous entrepreneurial possibilities, including on-line buying and selling and the more formal pursuit of "dot-com" businesses.
  - B. B2B opportunities represent a growing segment of Internet entrepreneurship.
  - C. Internet entrepreneurial opportunities are limited only by one's creativity.
  - D. All of the above are true.
  - E. None of the above is true.
- D      GT      Fa
141. A business that provides both an on-line restaurant reservation service and customer profiles of restaurant patrons making on-line reservations is an example of a(n) \_\_\_\_\_.
- A. Family business.
  - B. Internet-based entrepreneurial business.
  - C. Invasion of customers' privacy.
  - D. Business that will fail.
  - E. Minority-owned business.
- B      GT      Ap
142. A business that uses the Web to help 13- to 18-year old children open a bank account, learn about investing, and donate to charity is an example of \_\_\_\_\_.
- A. A family-oriented business.
  - B. A business exploiting children.
  - C. An Internet-based entrepreneurial business.
  - D. A business that will never succeed.
  - E. A minority-owned business.
- C      GT      Ap

143. "B2B" refers to \_\_\_\_\_.
- A. A specialized business-to-business trading floor that links buyers and sellers of commodities.
  - B. A specialized business-to-business stock exchange that links entrepreneurs and angel investors.
  - C. A specialized business-to-business Web site that links buyers and sellers.
  - D. A specialized business-to-business Web site that links entrepreneurs and venture capitalists.
  - E. A specialized business-to-business purchasing cooperative that links suppliers and customers.
- C GT Fa

**International Business Entrepreneurship**

144. The international arena provides strategic opportunities for small businesses. Which one of the following is not one of these strategic opportunities?
- A. Expanded markets.
  - B. Additional financing.
  - C. Access to quality and possibly lower cost resources
  - D. Access to foreign government influence.
  - E. Locations for low-cost manufacturing or outsourcing.
- D GT Fa
145. The development and growth of small businesses opportunities in exporting and importing is encouraged by \_\_\_\_\_.
- A. Improvement and growth in national economies throughout the world.
  - B. Increases in the overall standard of living throughout the world.
  - C. Increased consumer demand for goods and services.
  - D. B and C.
  - E. A, B, and C.
- E GT Fa
146. To move any business toward international opportunities, investments must be made in all of the following EXCEPT:
- A. Travel.
  - B. Communication.
  - C. Building factories.
  - D. Building relationships.
  - E. Gaining expertise.
- C GT Fa
147. The Ontario Ministry of Economic Development provides support for the development of \_\_\_\_\_.
- A. Domestic small business ventures.
  - B. Small to midsize manufacturing and service companies.
  - C. Venture capitalism.
  - D. Angel investing initiatives.
  - E. Global stock markets.
- B GT Fa

**Family Businesses**

148. A type of business that is owned and financially controlled by family members is known as a(n) \_\_\_\_\_.
- A. General partnership.
  - B. Entrepreneurial hobby.
  - C. Family business.
  - D. Subchapter S corporation.
  - E. Limited partnership.
- C      KT      Fa
149. According to the text, a family business is an ideal situation when everything goes right. Which of the following NOT one of the aspects of everything going right with a family business?
- A. Everyone working together.
  - B. Everyone sharing values.
  - C. Everyone sharing a common goal.
  - D. Everyone enjoying equal shares in the financial success of the business.
  - E. Everyone knowing that what they do benefits the family.
- D      GT      Ap
150. Which of the following is NOT an accurate statement about the nature of family businesses?
- A. Family businesses represent the largest percentage of businesses operating worldwide.
  - B. In the United States, family businesses account for 48 percent of new job creation and 35 percent of the nation's employment.
  - C. When everything works properly, the family firm is almost an ideal situation.
  - D. Family businesses must solve the same problems of other small or large businesses.
  - E. Family businesses must address a set of unique problems.
- B      GT      Ap
151. The family business feud occurs when members of the controlling family get into disagreements about \_\_\_\_\_.
- A. Work responsibilities.
  - B. Business strategy.
  - C. Operating approaches.
  - D. Finances.
  - E. All of the above.
- E      GT      Fa
152. The \_\_\_\_\_ occurs when members of the controlling family of a business get into disagreements about work responsibilities, business strategy, operating approaches, finances, or other matters.
- A. Corporate conflict.
  - B. Family relationship disaster.
  - C. Family business feud.
  - D. Partnership disagreement.
  - E. Family business disaster.
- C      GT      Fa

153. Transferring leadership from one generation to the next in a family business is known as the \_\_\_\_\_.
- A. Doctrine of offspring domain.
  - B. Leadership conundrum.
  - C. Succession problem.
  - D. Transfer cost issue.
  - E. Generation gap.
- C      KT      Fa
154. Which of the following descriptions of the succession problem in family businesses is inaccurate?
- A. The succession problem involves transferring leadership from one generation to the next.
  - B. A key management issue in the succession problem concerns how the assets will be distributed and who will run the business when the current head leaves.
  - C. The succession problem should be addressed ahead of time with a succession plan.
  - D. The vast majority of family business with succession plans will survive well beyond the second generation.
  - E. Since not all family businesses have succession plans, many will not survive beyond the first generation.
- D      GT      Ap
155. Which of the following statements about the survival rates of family businesses is correct?
- A. About 40 percent of family firms survive to the second generation.
  - B. About 22 percent of family firms survive to the third generation.
  - C. About 18 percent of family firms are expected to survive beyond the third generation.
  - D. All of these statements are correct.
  - E. None of these statements are correct.
- E      GT      Fa
156. A(n) \_\_\_\_\_ is a formal statement that describes how the leadership transition and related financial matters will be handled when the time for changeover arrives.
- A. Succession plan.
  - B. Transition map.
  - C. Leadership transformation plan.
  - D. Organization change map.
  - E. Continuing operations plan.
- A      KT      Fa
157. A succession plan should include \_\_\_\_\_.
- A. Procedures for choosing or designating the firm's new leadership.
  - B. Legal aspects of any ownership transfer.
  - C. Any financial and estate plans relating to the transfer.
  - D. All of the above.
  - E. None of the above.
- D      GT      Fa

158. In succession planning, family businesses should do all of the following EXCEPT:
- A. Set up the succession plan well in advance of the need to use it.
  - B. Use entrepreneurial consultants in establishing the succession plan.
  - C. Share the succession plan with all who are affected by it and make sure that they understand it.
  - D. Identify the leadership successor well ahead of time.
  - E. Prepare the leadership successor through training and experience to assume the new role when needed.
- B GT Ap

**Why Small Businesses Fail**

159. Statistics on small business failure rates indicate that \_\_\_\_\_ of new businesses fail in their first five years of operation.
- A. Less than 20 percent.
  - B. 20 to 40 percent.
  - C. About half.
  - D. 60 to 80 percent.
  - E. More than 80 percent.
- D GT Fa
160. Reasons for new business failure include all of the following EXCEPT:
- A. Lack of strategy and strategic leadership.
  - B. Lack of marketing control.
  - C. Lack of experience.
  - D. Lack of commitment.
  - E. Lack of expertise.
- B GT Fa
161. Which of the following is NOT a reason for the high failure rate of new businesses?
- A. Poor financial control.
  - B. Growing too fast.
  - C. Lack of experience.
  - D. Poor advertising.
  - E. Ethical failure.
- D GT Fa
162. All of the following are reasons for the high failure rate of new businesses EXCEPT:
- A. Not having sufficient know-how to run a business in the chosen market or area.
  - B. Not having expertise in the essentials of business operations, including finance, purchasing, selling and production.
  - C. Not taking the time to craft a vision and mission, and formulate, revise, and properly implement strategy.
  - D. Not keeping track of the numbers and failure to control business finances.
  - E. Not taking the time to adequately promote the product.
- E GT Fa

163. The high failure rate of new businesses is due to \_\_\_\_\_.
- A. Not taking the time to consolidate a position, fine-tune the organization, and systematically meet the challenges of growth.
  - B. Not devoting enough time to the requirements of running a competitive business.
  - C. Falling prey to the temptations of fraud, deception, and embezzlement.
  - D. All of these are reasons for the high failure rate.
  - E. None of the above is a reason for the high failure rate.
- D      GT      Fa

**NEW VENTURE CREATION (STUDY QUESTION 3)**

164. Important issues in new venture creation include all of the following EXCEPT:
- A. Does the entrepreneur have good ideas and the courage to give them a chance?
  - B. Is the entrepreneur prepared to meet and master the test of strategy and competitive advantage?
  - C. Can the entrepreneur identify a market niche that is being missed by other established firms?
  - D. Can the entrepreneur identify a new market that has not yet been discovered by existing firms?
  - E. Can the entrepreneur find appropriate safety nets to protect the business from marketplace challenges?
- E      GT      Fa
165. Which of the following are important issues in new venture creation?
- A. Can the entrepreneur identify a market niche that is being missed by other established firms?
  - B. Can the entrepreneur identify a new market that has not yet been discovered by existing firms?
  - C. Can the entrepreneur generate first-mover advantage by exploiting a niche or entering a market before competitors?
  - D. All of the above.
  - E. None of the above.
- D      GT      Fa
166. A(n) \_\_\_\_\_ is generated by exploiting a niche or entering a market before competitors.
- A. First-mover advantage.
  - B. Anticipatory market edge.
  - C. Anticipatory niche advantage.
  - D. Niche competency.
  - E. Niche manipulation.
- A      KT      Fa
167. A first-mover advantage comes from \_\_\_\_\_.
- A. Being first to earn a profit.
  - B. Being first to exploit a niche or enter a market.
  - C. Being first to relocate key business operations.
  - D. Being first to outsource non-core business activities.
  - E. Being first within the industry to embrace social responsibility.
- B      KT      Fa

168. To stay customer focused, a new venture should effectively address all of the following questions EXCEPT:
- A. Who is your customer?
  - B. Why is your business strategy compelling in the marketplace?
  - C. How will you price your product or service for the customer?
  - D. How much does it cost to attract a customer?
  - E. How much does it cost to support and retain a customer?
- B      MN      Fa
169. Which of the following questions provide appropriate guidelines for ensuring that new ventures stay customer focused?
- A. What determines customer choices to buy or not buy this product or service?
  - B. How will you reach key customer market segments?
  - C. How much does it cost to make and deliver your product or service?
  - D. Alternatives A and B specify appropriate guidelines.
  - E. Alternatives A, B, and C specify appropriate guidelines.
- E      MN      Fa

### *Life Cycles of Entrepreneurial Firms*

170. In the \_\_\_\_\_ stage of the life cycle of entrepreneurial firms, the entrepreneur struggles to get the new venture established and to survive long enough to test the viability of the underlying business model in the marketplace.
- A. Birth.
  - B. Breakthrough.
  - C. Growth.
  - D. Maturity.
  - E. Decline.
- A      GT      Fa
171. Activities that focus on establishing the business, getting customers, and finding financing occur in the \_\_\_\_\_ stage of the life cycle of entrepreneurial firms.
- A. Birth.
  - B. Breakthrough.
  - C. Growth.
  - D. Maturity.
  - E. Decline.
- A      GT      Fa
172. At the \_\_\_\_\_ stage of the life cycle of entrepreneurial firms, the management challenge is one of fighting for existence and survival.
- A. Birth.
  - B. Breakthrough.
  - C. Growth.
  - D. Maturity.
  - E. Decline.
- A      GT      Fa

173. In the \_\_\_\_\_ stage of the life cycle of entrepreneurial firms, the business model begins to work, growth is experienced, and the complexity of managing the business operation expands significantly.
- A. Birth.
  - B. Breakthrough.
  - C. Growth.
  - D. Maturity.
  - E. Decline.
- B      GT      Fa
174. Activities that focus on working on finances, becoming profitable, and growing occur in the \_\_\_\_\_ stage of the life cycle of entrepreneurial firms.
- A. Birth.
  - B. Breakthrough.
  - C. Growth.
  - D. Maturity.
  - E. Decline.
- B      GT      Fa
175. At the \_\_\_\_\_ stage of the life cycle of entrepreneurial firms, the management challenge is one of coping with growth and takeoff.
- A. Birth.
  - B. Breakthrough.
  - C. Growth.
  - D. Maturity.
  - E. Decline.
- B      GT      Fa
176. In the \_\_\_\_\_ stage of the life cycle of entrepreneurial firms, the entrepreneur experiences the advantages of market success and financial stability, while also facing continuing challenges of meeting the needs for professional management skills.
- A. Birth.
  - B. Breakthrough.
  - C. Growth.
  - D. Maturity.
  - E. Decline.
- D      GT      Fa
177. Activities that focus on refining the strategy, continuing growth, and managing for success occur in the \_\_\_\_\_ stage of the life cycle of entrepreneurial firms.
- A. Birth.
  - B. Breakthrough.
  - C. Growth.
  - D. Maturity.
  - E. Decline.
- D      GT      Fa

178. At the \_\_\_\_\_ stage of the life cycle of entrepreneurial firms, the management challenge is one of investing wisely and staying flexible.
- A. Birth.
  - B. Breakthrough.
  - C. Growth.
  - D. Maturity.
  - E. Decline.
- D      GT      Fa
179. The life cycle of entrepreneurial firms \_\_\_\_\_.
- A. Poses different management challenges at each stage.
  - B. Requires different management competencies at each stage.
  - C. Requires entrepreneurs to address the issue of managerial succession at each stage by changing and/or refining his/her skills, passing management control on to professionals, or selling the business.
  - D. All of the above.
  - E. None of the above.
- D      GT      Fa

**Writing the Business Plan**

180. When people start new businesses, they can greatly benefit from having a good \_\_\_\_\_.
- A. Operating budget.
  - B. Profit forecast.
  - C. Employee manual.
  - D. Product demand forecast.
  - E. Business plan.
- E      GT      Fa
181. A(n) \_\_\_\_\_ describes the direction for a new business and the financing needed to operate it.
- A. Strategic contingencies analysis.
  - B. Business plan.
  - C. Operating plan.
  - D. SWOT analysis.
  - E. Operating budget.
- B      158      KT      Fa
182. Which of the following items should be included in a business plan?
- A. Executive summary.
  - B. Company description.
  - C. Marketing strategy.
  - D. Alternatives B and C should be included in a business plan.
  - E. Alternatives A, B, and C should be included in a business plan.
- E      MN      Fa

183. A business plan should include all of the following items EXCEPT:
- A. Overview of business purpose and highlight of key elements of the plan.
  - B. Description of the organization's decision-making and communications systems.
  - C. Nature of the industry, including economic trends, important legal or regulatory issues, and potential risks.
  - D. Product characteristics, distribution, promotion, pricing, and market research.
  - E. Amount of funds needed to run the business, amount available, and amount requested from new sources.
- B MN Fa

184. Which of the following items should NOT be included in a business plan?
- A. Market description.
  - B. Operations description.
  - C. Change management strategy.
  - D. Staffing description.
  - E. Products and services description.
- C MN Fa

**Choosing the Form of Ownership**

185. A \_\_\_\_\_ is an individual or a married couple pursuing business for a profit.
- A. Sole proprietorship
  - B. Partnership.
  - C. Corporation.
  - D. Limited liability partnership.
  - E. Angel investor.
- A KT Fa
186. A \_\_\_\_\_ is formed when two or more people agree to contribute resources to start and operate a business together.
- A. Sole proprietorship
  - B. Partnership.
  - C. Corporation.
  - D. Limited liability partnership.
  - E. Angel investor.
- B KT Fa
187. A \_\_\_\_\_ consists of business partners who agree on the contribution of resources and skills to the new venture, and on the sharing of profits, losses, and management responsibilities.
- A. Professional partnership.
  - B. General partnership.
  - C. Limited partnership.
  - D. Unlimited partnership.
  - E. Limited liability partnership.
- B GT Fa

188. A \_\_\_\_\_ consists of a general partner and one or more “limited” partners who do not participate in day-to-day management of the business.  
 A. Professional partnership.  
 B. General partnership.  
 C. Limited partnership.  
 D. Unlimited partnership.  
 E. Limited liability partnership.  
 C GT Fa
189. A \_\_\_\_\_ limits the liability of one partner for the negligence of another partner.  
 A. Professional partnership.  
 B. General partnership.  
 C. Limited partnership.  
 D. Unlimited partnership.  
 E. Limited liability partnership.  
 E GT Fa
190. A \_\_\_\_\_ is a legal entity that exists separate from its owners, protects the owners from personal liability, and gives the firm a life of its own beyond that of its owners.  
 A. Sole proprietorship.  
 B. Partnership.  
 C. Corporation.  
 D. Limited liability partnership.  
 E. Angel investor.  
 C KT Fa
191. A \_\_\_\_\_ is a hybrid business form combining advantages of the sole proprietorship, partnership, and corporation.  
 A. Sole proprietorship.  
 B. Partnership.  
 C. Corporation.  
 D. Limited liability corporation.  
 E. Venture capitalist.  
 D KT Fa
192. Which of the following statements about the limited liability corporation (LLC) is/are accurate?  
 A. For liability purposes, the LLC functions like a corporation, protecting the owners assets against claims made against the company.  
 B. For tax purposes, the LLC functions as a partnership in the case of multiple owners.  
 C. For tax purposes, the LLC functions as a sole proprietorship in the case of a single owner.  
 D. B and C.  
 E. A, B, and C.  
 E GT Ap

***Financing the New Venture***

193. The major source(s) of outside financing for an entrepreneurial start-up are \_\_\_\_\_.  
 A. Debt financing and equity financing.  
 B. Governmental grants.  
 C. Foundation grants.  
 D. Alternatives A and B.  
 E. Alternatives A and C.  
 A GT Fa

194. Debt financing involves borrowing money from \_\_\_\_\_ and repaying it over time with interest.  
 A. Another person.  
 B. A bank.  
 C. A financial institution.  
 D. All of the above.  
 E. None of the above.  
 D      KT      Fa
195. \_\_\_\_\_ involve(s) exchanging ownership shares in the business in return for outside investment monies.  
 A. Debt financing.  
 B. Equity financing.  
 C. Commodities marketing.  
 D. Futures trading.  
 E. Money market instruments.  
 B      KT      Fa
196. Which of the following are possible sources of equity financing for entrepreneurs?  
 A. Venture capitalists.  
 B. Initial public offerings.  
 C. Angel investors.  
 D. Alternatives A and C.  
 E. Alternatives A, B, and C.  
 E      GT      Fa
197. Equity financing for entrepreneurs is usually obtained from \_\_\_\_\_.  
 A. Venture capitalists.  
 B. Entrepreneurial support systems.  
 C. Pension funds.  
 D. Investment bankers.  
 E. Brokerage firms.  
 A      GT      Fa
198. \_\_\_\_\_ are companies that pool capital and make investments in new ventures in return for an equity stake in the business.  
 A. Entrepreneurial support systems.  
 B. Venture capitalists.  
 C. Investment bankers.  
 D. Brokerage firms.  
 E. Pension funds.  
 B      KT      Fa
199. \_\_\_\_\_ tend to focus on relatively large investments and they usually take a management role in order to grow the business and add value as soon as possible.  
 A. Entrepreneurial support systems.  
 B. Investment bankers.  
 C. Brokerage firms.  
 D. Venture capitalists.  
 E. Pension funds.  
 D      KT      Fa

200. What does the financial acronym "IPO" stand for?
- A. Internal payment option.
  - B. Investment portfolio offering.
  - C. Initial public offering.
  - D. Investor's preferred option.
  - E. Internal portfolio opinion.
- C      KT      Fa
201. Sometimes an entrepreneurial venture becomes a candidate for an \_\_\_\_\_ in which shares of stock in the business are sold to the public and begin trading on a major stock exchange.
- A. Equity takeover.
  - B. Initial public offering.
  - C. Employee stock ownership plan.
  - D. Leveraged buyout.
  - E. Risky investment shift.
- B      KT      Fa
202. A successful \_\_\_\_\_ enhances the value of the original investments of the venture capitalist and the entrepreneur.
- A. Leveraged buyout.
  - B. Risky investment shift.
  - C. Equity takeover.
  - D. Initial public offering.
  - E. Employee stock ownership plan.
- D      GT      Fa
203. A(n) \_\_\_\_\_ is a wealthy individual who is willing to make an investment in return for equity in a new venture.
- A. Angel investor.
  - B. Benevolent investor.
  - C. Rich investor.
  - D. Benevolent businessperson.
  - E. Takeover specialist.
- A      KT      Fa
204. Which of the following statements about angel investors is/are accurate?
- A. When venture capital is not available to the entrepreneur, the angel investor is a financing option.
  - B. Angel investors are helpful in the very early startup stage of an entrepreneurial venture.
  - C. The presence of angel investors can help attract venture capital funding that might not be available otherwise.
  - D. All of the above.
  - E. None of the above.
- D      GT      Fa

**ENTREPRENEURSHIP AND BUSINESS DEVELOPMENT (STUDY QUESTION 4)**

*Entrepreneurship and Large Enterprises*

205. Which of the following statements is NOT accurate?
- A. Just like smaller organizations, large organizations depend on the entrepreneurial spirit.
  - B. High performance is increasingly based on employees' entrepreneurial behaviour.
  - C. Creativity and innovation are important to continued success in dynamic and competitive environments,
  - D. High performance relies on the contributions of workers who are willing to assume risks.
  - E. Capitalizing on entrepreneurial behaviours is no more challenging in large organizations than it is in small organizations.
- E GT Fa
206. \_\_\_\_\_ is entrepreneurial behaviour displayed by people or subunits operating within large organizations.
- A. Innovation.
  - B. Creativity.
  - C. New venture leadership.
  - D. Intrapreneurship.
  - E. Angel investing.
- D KT Fa
207. Sometimes a large organization seeks to overcome its natural tendencies toward stability, rigidity, and risk avoidance by encouraging entrepreneurial behaviour on the part of its employees and subunits. When an organization does this, it is encouraging \_\_\_\_\_.
- A. Innovation.
  - B. Intrapreneurship.
  - C. Creative thinking.
  - D. Independence.
  - E. Entrepreneurship.
- B GT Ap
208. Through the efforts of \_\_\_\_\_, large organizations are able to turn new ideas into profitable new products, services, and business ventures.
- A. Intrapreneurs.
  - B. Entrepreneurs.
  - C. Venture capitalists.
  - D. Angel investors.
  - E. Family businesses.
- A GT Fa
209. To realize the benefits of intrapreneurship, managers of large organizations often find that success depends on the ability of large organizations to \_\_\_\_\_.
- A. Act like their competitors.
  - B. Act like small organizations.
  - C. Raise significant amounts of money.
  - D. Develop slick advertising campaigns.
  - E. Vertically integrate their operations.
- B GT Fa

210. Small organizational subunits where teams are allowed to work together in a unique setting that is highly creative and free of the operating restrictions of the larger parent organization are known as \_\_\_\_\_.
- A. Quality innovation circles.
  - B. Skunkworks.
  - C. Venture teams.
  - D. Product innovation circles.
  - E. Creative cliques.
- B      KT      Fa
211. Suppose that you work for a large corporation and have been recently assigned to the skunkworks. This job assignment means that you have been assigned to \_\_\_\_\_.
- A. A disciplinary and training program for poor performing employees.
  - B. An organizational subunit that produces foul-smelling chemicals.
  - C. A small organizational subunit where the people can be highly creative and are free of many of the restrictions of the larger organization.
  - D. Work on less desirable tasks.
  - E. Engage in corporate espionage.
- C      KT      Ap

***Business Incubation***

212. One of the advantages of \_\_\_\_\_ is that it takes place in a larger organization that can be supportive in terms of resources and other forms of startup support.
- A. Partnerships.
  - B. Intrapreneurship.
  - C. Angel investing.
  - D. Venture capitalism.
  - E. First-mover advantage.
- B      GT      Fa
213. Entrepreneurship and new venture creation are \_\_\_\_\_.
- A. Creative and exciting prospects.
  - B. Very challenging in terms of complexity.
  - C. Potentially daunting with respect to required resources.
  - D. Alternatives A and B.
  - E. Alternatives A, B, and C.
- E      GT      Fa
214. A(n) \_\_\_\_\_ can help support entrepreneurial motivation without the discouragement of startup requirements.
- A. Business incubator.
  - B. Small business mentor.
  - C. Skunkworks.
  - D. Industrial psychologist.
  - E. Angel investor.
- A      GT      Fa

215. A \_\_\_\_\_ is a special facility that offers space, a variety of shared administrative services, and management advice to help small businesses get started.
- A. Partnership.
  - B. Family business.
  - C. Business incubator.
  - D. Small business mentoring office.
  - E. Skunkworks.
- B      KT      Fa
216. Business incubators share the common goal of \_\_\_\_\_.
- A. Helping to build successful new businesses.
  - B. Helping to build new businesses that create jobs.
  - C. Helping to build new businesses that improve economic development.
  - D. All of the above.
  - E. None of the above.
- D      GT      Fa

**Small Business Development Centers**

217. The United States Small Business Administration works with state and local agencies to support a network of over 1000 \_\_\_\_\_ nationwide.
- A. Small Business Administration offices.
  - B. Small Business Development Centers.
  - C. Chambers of Commerce.
  - D. Business incubators.
  - E. Small business angel investors.
- B      GT      Fa
218. \_\_\_\_\_ offer guidance and support to small business owners in how to set up and run a business operation.
- A. Small business skunkworks.
  - B. Small business angel investors.
  - C. Business infomercial organizations.
  - D. Small Business Development Centers.
  - E. Chambers of Commerce.
- D      GT      Fa
219. Small Business Development Centers offer guidance to \_\_\_\_\_
- A. Actual and prospective entrepreneurs.
  - B. Actual and prospective small business owners.
  - C. Actual and prospective intrapreneurs.
  - D. Both A and B.
  - E. Both A and C.
- D      GT      Fa
220. \_\_\_\_\_ are frequently affiliated with college or universities.
- A. Chambers of Commerce.
  - B. Small Business Administration offices.
  - C. Small Business Development Centers.
  - D. Venture capitalists.
  - E. Small business angel investors.
- C      GT      Fa

221. Small Business Development Centers that are associated with colleges and universities offer opportunities for students to learn about the nature of \_\_\_\_\_ and \_\_\_\_\_.
- Entrepreneurship ... intrapreneurship.
  - Small business ... entrepreneurship.
  - Small business ... intrapreneurship.
  - Large business ... entrepreneurship.
  - Large business ... intrapreneurship.
- B      GT      Fa

## Essay Questions

222. Describe the key personal traits and characteristics of entrepreneurs. Which two or three of these traits and characteristics do you think are most important for entrepreneurial success? Why?

*Suggested Answer:*

The personal traits and characteristics that are typically associated with entrepreneurs are the following:

- Internal locus of control — entrepreneurs believe that they control their own destiny; they are self-directing and like autonomy.
- High energy level — entrepreneurs are persistent, hard working, and willing to exert extraordinary efforts to succeed.
- High need for achievement — entrepreneurs are motivated to act individually to accomplish challenging goals; they thrive on performance feedback.
- Tolerance for ambiguity — entrepreneurs are risk takers; they tolerate situations with high degrees of uncertainty.
- Self-confidence — entrepreneurs feel competent, believe in themselves, and are willing to make decisions.
- Passion and action-orientation — entrepreneurs try to act ahead of problems; they want to get things done and not waste valuable time.
- Self-reliance and desire for independence — entrepreneurs want independence; they are self-reliant; they want to be their own boss, not work for others.
- Flexibility — entrepreneurs are willing to admit problems and errors, and to change a course of action when plans are not working.

Each student should identify the two or three personal traits characteristics that s/he thinks is most important and provide appropriate supporting reasons.

223. Describe the backgrounds and experiences that tend to distinguish entrepreneurs from other people.

*Suggested Answer:*

Entrepreneurs tend to have backgrounds and experiences that differ from other people. The key elements of entrepreneurs' backgrounds and experiences are the following:

- Entrepreneurs tend to have parents who were entrepreneurs or self-employed.

- Entrepreneurs tend to be raised in families that encourage responsibility, initiative, and independence.
- Entrepreneurs often try more than one business venture.
- Entrepreneurs tend to have prior career or personal experience in the business area or industry in which they develop an entrepreneurial venture.
- Most entrepreneurs start their businesses between the ages of 22 and 45; however, age is no barrier.
- Entrepreneurs have strong interests in creative production and enterprise control.
- Entrepreneurs seek independence and the sense of mastery that comes with success.

224. Explain why small businesses often fail and what can be done to help avert failure.

*Suggested Answer:*

Small businesses have a high failure rate — 60 to 80 percent of new businesses fail in their first five years of operation. Reasons for small business failure include lack of experience, lack of expertise, lack of strategy and strategic leadership, poor financial control, growing too fast, insufficient commitment, and ethical failure.

Business incubators and small business development centers are resources upon entrepreneurs can draw and which can help them to avert failure. A business incubator is a special facility that offers space, a variety of shared administrative services, and management advice to help small businesses get started. Small business development centers offer guidance to entrepreneurs and small business owners — actual and prospective — in how to set up and successfully run a business operation.

225. Describe the life cycle of entrepreneurial firms and the management challenges that occur at each stage.

*Suggested Answer:*

The life cycle of entrepreneurial firms follows a predictable pattern of birth, breakthrough, and maturity. In the birth stage, the entrepreneur struggles to get the new venture established and survive long enough to test the viability of the underlying business model in the marketplace. The key challenges in the birth stage are establishing the firm, getting customers, and finding financing. In the breakthrough stage, the business model begins to work well, growth is experienced, and the complexity of managing the business operation expands significantly. The key challenges in the breakthrough stage are working on finances, becoming profitable, and growing. In the maturity stage, the entrepreneur experiences the advantages of market success and financial stability, while also facing continuing management challenges of remaining competitive in a changing environment. The key challenges in the maturity stage are refining the strategy, continuing growth, and managing for success.

226. What is a business plan? What are the basic elements that should be incorporated into a business plan?

*Suggested Answer:*

A business plan describes all the details necessary to set the direction for a new business and to obtain the necessary financing to operate it. The items listed below are elements that should be incorporated into a business plan:

- Executive summary — overview of business purpose and highlights of key elements of the plan.
- Industry analysis — nature of the industry, including economic trends, important legal or regulatory issues, and potential risks.
- Company description — mission, owners, and legal form.
- Products and services description — major goods or services, with special focus on uniqueness vis-à-vis competition.
- Market description — size of market, competitor strengths and weaknesses, and five-year sales goals.
- Marketing strategy — product characteristics, distribution, promotion, pricing, and market research.
- Operations description — manufacturing or service methods, supplies and suppliers, and control procedures.
- Staffing description — management and staffing skills needed and available, compensation, and human resource management systems.
- Financial projection — cash flow projections for one to five years, break-even points, and phased investment capital.
- Capital needs — amount of funds needed to run the business, amount available, and amount requested from new sources.
- Milestones — a timetable of dates showing when key stages of the new venture will be completed.

## Multiple Choice Questions

### CHAPTER INTRODUCTION

143. Which of the following statements accurately describe the impact of information technology on organizations?
- A. More information about more things is being made available to more people in organizations more quickly than ever before.
  - B. Since knowledge is an irreplaceable resource, organizations should always seek to grow and create intellectual capital
  - C. To compete successfully in an unforgiving business environment, companies must find new and faster ways of sharing critical information and leveraging knowledge resources.
  - D. All of the above.
  - E. None of the above.
- D GT Ap

### INFORMATION TECHNOLOGY AND THE CHANGING WORKPLACE (STUDY QUESTION 1)

144. A worker whose value to the organization depends on intellect rather than physical capabilities is known as a(n) \_\_\_\_\_.
- A. Knowledge worker.
  - B. Effete intellectual snob.
  - C. Limited ability worker.
  - D. Computer guru.
  - E. Capitalist.
- A KT Fa
145. Intellectual capital can be defined as \_\_\_\_\_.
- A. The use of new ideas to create a competitive advantage by producing high quality products.
  - B. The concentration of wealth in technologically advanced countries.
  - C. The shared knowledge of a workforce that can be used to create wealth.
  - D. A plan to promote higher education through annual fund raising events.
  - E. The development of an organizational training program to increase information learning.
- C KT Fa
146. \_\_\_\_\_ is the ability to understand computers and use them to best advantage.
- A. Intellectual capital.
  - B. Computer competency.
  - C. Information competency.
  - D. Knowledge management.
  - E. Computer systems support.
- B GT Fa

147. \_\_\_\_\_ is the ability to utilize computers and information technology to locate, retrieve, evaluate, organize, and analyze information for decision making.
- A. Intellectual capital.
  - B. Computer competency.
  - C. Information competency.
  - D. Knowledge management.
  - E. Decision support management.
- C      GT      Fa

***How IT Is Changing Business***

148. \_\_\_\_\_ is the process of buying and selling goods electronically through the use of the Internet.
- A. Information management.
  - B. Electronic commerce.
  - C. Information management.
  - D. Robotics.
  - E. The electronic office.
- B      KT      Fa
149. \_\_\_\_\_ sells directly to customers over the Internet.
- A. A2B e-commerce
  - B. B2B e-commerce.
  - C. B2C e-commerce.
  - D. B2D e-commerce.
  - E. 3M e-commerce.
- C      GT      Fa
150. \_\_\_\_\_ uses the Internet to collabourate and make transactions among businesses.
- A. 3M e-commerce.
  - B. AAA e-commerce
  - C. B2B e-commerce.
  - D. B2C e-commerce.
  - E. B2D e-commerce.
- C      GT      Fa
151. Which of the following sequence accurately describes the stages of development in e-commerce?
- A. Establish a Web presence, secure an on-line identity, enable e-commerce, utilize a service application model, and provide e-commerce and customer relationship management.
  - B. Establish a Web presence, enable e-commerce, secure an on-line identity, utilize a service application model, and provide e-commerce and customer relationship management.
  - C. Secure an on-line identity, utilize a service application model, enable e-commerce, establish a Web presence, and provide e-commerce and customer relationship management.
  - D. Secure an on-line identity, establish a Web presence, enable e-commerce, provide e-commerce and customer relationship management, and utilize a service application model.
  - E. Utilize a service application model, secure an on-line identity, establish a Web presence, provide e-commerce and customer relationship management, and enable e-commerce.
- D      GT      Ap

**How IT Is Changing Organizations**

152. The increasing use of information technology has several implications for the internal operations of organizations. Which of the following is NOT one of these implications?
- A. Individuals and teams can communicate more easily and share information.
  - B. Organizations can be flattened and operate with fewer levels of management.
  - C. The speed of decision making can be decreased.
  - D. Coordination and control among decision makers can be increased.
  - E. Better and more timely use of information is promoted.
- C      GT      Ap
153. All of the following statements about the impact of information technology (IT) are correct EXCEPT:
- A. People, teams, and departments are better connected by IT.
  - B. Supply chain management is improved by IT connections.
  - C. More things are done by outsourcing and partnerships using IT.
  - D. Organizations are taller as IT expands management levels.
  - E. Customer relationships management is improved by IT connections.
- D      GT      Ap
154. The increasing use of information technology (IT) can help organizations better manage relationships with their environments in which of the following ways?
- A. IT helps organizations with customer relationship management.
  - B. IT helps organizations work well with their resource suppliers.
  - C. IT allows outsourcing and other business contracts to be continuously and efficiently managed.
  - D. All of the above are ways in which IT can help organizations manage relationships with their environments.
  - E. None of the above is a way in which IT can help organizations manage relationships with their environments.
- D      GT      Ap

**How IT Is Changing the Office**

155. Progressive companies invest in information technology because the business environment demands \_\_\_\_\_.
- A. Speed to market.
  - B. Quick response time.
  - C. Fast cycle time.
  - D. All of the above.
  - E. None of the above.
- D      GT      Fa
156. \_\_\_\_\_ refers to the instantaneous communication among persons online at the same time.
- A. Electronic surveillance.
  - B. Instant messaging.
  - C. Peer-to-peer file sharing.
  - D. Global message sharing.
  - E. Community-based messaging.
- B      KT      Fa

157. \_\_\_\_\_ refers to personal computers being directly connected to one another over the Internet.
- A. Electronic surveillance.
  - B. Instant messaging.
  - C. Peer-to-peer file sharing.
  - D. Global message sharing.
  - E. Community-based messaging.
- C      KT      Fa

## INFORMATION AND THE MANAGEMENT PROCESS (STUDY QUESTION 2)

### *What Is Useful Information?*

158. \_\_\_\_\_ are raw facts and observations.
- A. Data.
  - B. Information.
  - C. Decisions.
  - D. Perceptions.
  - E. Files.
- A      KT      Fa
159. \_\_\_\_\_ is \_\_\_\_\_ made useful and meaningful for decision making.
- A. Information ... understandability.
  - B. Timeliness ... data.
  - C. Data ... information.
  - D. E-commerce ... information.
  - E. Information ... data.
- E      KT      Fa
160. Which of the following is not a characteristic of useful information?
- A. The information is available when needed.
  - B. The information is accurate and reliable.
  - C. The information is complete and sufficient for the task at hand.
  - D. The information is appropriate for the task at hand.
  - E. The information will enable the user to be involved in making decisions and increase the likelihood of his/her commitment to those decisions.
- E      GT      Fa
161. Useful information meets the test of five criteria. These criteria are \_\_\_\_\_.
- A. Timeliness, quantity, completeness, relevance, and understandability.
  - B. Timeliness, quality, completeness, relevance, and understandability.
  - C. Timeliness, quality, completeness, relevance, and acceptance.
  - D. Timeliness, quantity, quality, completeness, and acceptance.
  - E. Timeliness, completeness, relevance, applicability, and acceptance.
- B      GT      Fa

**Information Needs in Organizations**

162. A good information system provides managers with “intelligence information” concerning \_\_\_\_\_.
- A. The activities of non-managerial personnel.
  - B. The scores of job applicants on aptitude tests.
  - C. The activities of key subunits within the organization.
  - D. The events and conditions of organization’s external environment.
  - E. The historical record of the organization’s performance accomplishments.
- D      GT      Fa
163. Information systems are becoming increasingly important to organizations for the purpose of image building. Which of the following describes the type of information that is useful for image building?
- A. Customer feedback.
  - B. Marketing information.
  - C. Sales information.
  - D. Public information.
  - E. Intelligence information.
- D      GT      Ap
164. Which level of management uses information to stay informed and to formulate strategies, objectives, and long-term plans; to develop policies; and to make strategic decisions?
- A. Top-level managers.
  - B. Middle-level managers.
  - C. First-level managers.
  - D. Top and middle managers.
  - E. All levels of management.
- A      GT      Ap
165. Which level of management uses information to make speedy decisions and take actions in conducting day-to-day business operations?
- A. Top-level managers.
  - B. Lower-level managers.
  - C. Nonsupervisory workers.
  - D. All of the above.
  - E. None of the above.
- B      GT      Ap

**Information Systems**

166. \_\_\_\_\_ use the latest in information technology to collect, organize, and distribute data in such a way that they become meaningful as information.
- A. Network portals.
  - B. Information systems.
  - C. Computer networks.
  - D. Systems analysis packages.
  - E. Information control portals.
- B      KT      Fa

167. \_\_\_\_\_ meets the specific information needs of managers as they make decisions on a daily basis.
- A. An extranet.
  - B. An intranet.
  - C. A management information system.
  - D. An enterprisewide network.
  - E. An interorganizational information system.
- C      KT      Fa
168. A(n) \_\_\_\_\_ is an interactive information system that allows users to organize and analyze data for solving complex and sometimes unstructured problems.
- A. Managerial control system.
  - B. Decision support system.
  - C. Extranet.
  - D. Intranet.
  - E. Statistical analysis system.
- B      KT      Fa
169. An interactive computer-based information system that facilitates the efforts of several people working together in solving complex and unstructured problems is a \_\_\_\_\_.
- A. Collective support system.
  - B. Communal information system.
  - C. Brainstorming support system.
  - D. Group decision support system.
  - E. Problem-solving system.
- D      GT      Fa
170. The type of group decision support system that allows several people to simultaneously work on a file or database and work together on computer networks is called \_\_\_\_\_.
- A. A team network.
  - B. Groupware.
  - C. An informational link.
  - D. A dynamic system.
  - E. An interactive system.
- B      KT      Fa
171. Which of the following statements accurately describes the practical advantages of groupware?
- A. Groupware facilitates information exchange
  - B. Groupware facilitates group activities without the requirement of face-to-face meetings.
  - C. Groupware facilitates group decision making.
  - D. Groupware facilitates work scheduling.
  - E. All of these statements accurately describe the practical advantages of groupware.
- E      GT      Ap

172. All but one of the following statements provides an accurate description of decision support systems. Which statement does NOT provide an accurate description?
- A. A decision support system refers to a work team that assists a manager in evaluating decision alternatives.
  - B. A decision support system uses special software to allow users to interact directly with a computer to help make decisions for solving complex and sometimes unstructured problems.
  - C. Decision support systems are available to assist managers in such business decisions as mergers and acquisitions, plant expansions, new product development, and stock portfolio management.
  - D. A fast growing form of decision support system utilizes groupware to facilitate the interaction and work of team members who are on different shifts or are spread over large geographic distances.
  - E. Continuing developments in the use of groupware are expanding the opportunities for use of teams in organizations without the requirement of face-to-face meetings.
- A GT Fa
173. \_\_\_\_\_ is a field of science that is interested in building computer systems with the capacity to reason the way people do.
- A. Intellectual capital.
  - B. Computer literacy.
  - C. Groupware.
  - D. Computer competency.
  - E. Artificial intelligence.
- E GT Fa
174. Computer programs that use artificial intelligence to help managers analyze and solve problems by mimicking the thinking of human experts are called \_\_\_\_\_.
- A. Artificial systems.
  - B. Superior management software.
  - C. Skilled programs.
  - D. Expert systems.
  - E. Virtual reality systems.
- D KT Fa
175. Expert systems are computer programs designed to \_\_\_\_\_.
- A. Electronically communicate and transfer data to and from other computers.
  - B. Assist managers with record-keeping and filing functions.
  - C. Perform a variety of inventory control functions.
  - D. Give management experts the ability to create charts and graphs from numerical data.
  - E. Mimic the thinking of human experts and offer decision-making advice to the user.
- E KT Fa

176. An airlines company uses a computer-based system to assist in scheduling maintenance for planes. The system combines the knowledge and insights associated with aircraft landing schedules of approximately three-dozen aircraft routing specialists. It uses about 500 decision rules to “reason” on behalf of the users. This system is \_\_\_\_\_.
- A. Designed to handle programmed decisions.
  - B. An old-fashioned idea in the computer field.
  - C. An expert system.
  - D. Not likely to work efficiently and effectively.
  - E. Likely to replace the judgments of new managers.
- C      GT      Ap
177. Common information systems mistakes include all of the following EXCEPT which one?
- A. Don’t assume that more information is always better.
  - B. Don’t assume that the newest technology is always best.
  - C. Don’t assume that everyone understands computer etiquette.
  - D. Don’t assume that everyone understands how an information system works.
  - E. Don’t assume that the computer can replace human judgment.
- C      MN      Fa
178. \_\_\_\_\_ and \_\_\_\_\_ are networks of computers that allow employees, by password access, to share databases and communicate electronically.
- A. Expert systems .... electronic data interchanges.
  - B. Decision systems ... enterprise portals.
  - C. Intranets ... corporate portals.
  - D. Extranets ... corporate portals.
  - E. Internets ...enterprise portals.
- C      KT      Fa
179. The goal of integrating computer systems and software into intranets and corporate portals is to \_\_\_\_\_.
- A. Enable more information to be stored in the systems.
  - B. Efficiently improve integration and communication throughout the organization, while making it easy for employees to access key services.
  - C. Minimize data entry problems.
  - D. A and B.
  - E. A and C.
- B      GT      Fa
180. A computer network that uses the public Internet to allow communication between the organization and special elements in its external environment is called an \_\_\_\_\_.
- A. Intranet.
  - B. Internalnet.
  - C. Extranet.
  - D. Externalnet.
  - E. Infonet.
- C      KT      Fa

181. \_\_\_\_\_ and \_\_\_\_\_ allow communication and data sharing between the organization and special elements in the external environment.
- A. Expert systems .... information portals.
  - B. Decision systems ... enterprise portals
  - C. Intranets ... corporate portals.
  - D. Extranets ... enterprise portals.
  - E. Internets ...enterprise portals.
- D      KT      Fa
182. Suppose that a field salesperson uses e-mail to send a customer's suggestion for a product modification to a product designer at company headquarters. After creating a computer-assisted design for the product, the designer uses the computer to pass it on simultaneously to engineering, manufacturing, finance, and marketing experts for their preliminary analysis. Information exchange between each of these experts and the customer takes place through the Internet. This is an example of the use of a(n) \_\_\_\_\_.
- A. Expert system.
  - B. Enterprise portal.
  - C. Data management system.
  - D. Macro software system.
  - E. Artificial intelligence network.
- B      GT      Ap
183. \_\_\_\_\_ use(s) controlled access to enterprise portals to enable firms to electronically transact business with each other.
- A. Groupware.
  - B. Electronic data interchange.
  - C. Corporate portals.
  - D. Intranets.
  - E. Knowledge workers.
- B      KT      Fa

### ***Managers as Information Processors***

184. Information technology has numerous important effects on the manager's job. Which one of the following is NOT one of these effects?
- A. Only the informational managerial role identified by Henry Mintzberg involves communication and information processing.
  - B. Any manager must act as a nerve center of information flows, interacting with many sources in gathering, giving, and receiving information.
  - C. Managers use information to make decisions in fulfilling the management functions of planning, organizing, leading, and controlling.
  - D. Managers must have a personal commitment to computer and information competency, and a willingness to utilize developments in information technology to best advantage.
  - E. Managers should be devoted to implementing and maintaining the very best available information systems.
- A      GT      Fa

185. The advantages of appropriate information technology (IT) utilization include all of the following EXCEPT:
- A. MIS utilization allows for better and more timely access to useful information, as well as for involving more people in the planning process.
  - B. MIS utilization allows for more ongoing and informed communication among all parts of the organization, helping ensure better coordination and integration.
  - C. MIS utilization allows for better and more frequent communication with all organization members and key environmental stakeholders.
  - D. MIS utilization allows for greater reliance on computer and information technology in addressing the challenges faced by an organization.
  - E. MIS utilization allows for more immediate and complete measurement of performance results, thereby allowing real-time solutions to performance problems.
- D      GT      Ap

### INFORMATION AND MANAGERIAL DECISIONS (STUDY QUESTION 3)

186. Which of the following statements does NOT accurately characterize the nature of problems?
- A. A problem refers to any difference between an actual situation and a desired situation.
  - B. A problem refers to any difference between an uncertain situation and a perceived situation.
  - C. A performance deficiency occurs when actual performance is less than desired performance.
  - D. A performance opportunity occurs when an actual situation turns out either better than anticipated or offers the potential to be better than anticipated.
  - E. The challenge in dealing with any problem is to proceed with effective problem solving.
- B      GT      Fa
187. A \_\_\_\_\_ occurs when actual performance is less than desired performance.
- A. Performance issue.
  - B. Performance deficiency.
  - C. Performance opportunity.
  - D. Decision situation.
  - E. Management challenge.
- B      GT      Fa
188. A company purchases a new computer system for the purpose of streamlining the processing of customer orders. The company's objective is to decrease processing time so that 98% of all orders are shipped within 24 hours of being received. After operating with the new system for three months, the company was shipping 92% of all orders within 24 hours. This situation is an example of a \_\_\_\_\_.
- A. Performance opportunity.
  - B. Ethical situation.
  - C. Performance deficiency.
  - D. Work process weakness.
  - E. Planning weakness.
- C      GT      Ap

189. A \_\_\_\_\_ occurs when an actual situation turns out either better than anticipated or offers the potential to be better than anticipated.
- A. Performance issue.
  - B. Performance deficiency.
  - C. Performance opportunity.
  - D. Decision situation.
  - E. Management challenge.
- C GT Fa
190. Suppose a work process is changed with the intent of increasing output by 5%. After the first month of operation with the new work process, an output increase of 7% is reported. This is an example of a \_\_\_\_\_.
- A. Performance opportunity.
  - B. Ethical situation.
  - C. Performance deficiency.
  - D. Work process strength.
  - E. Planning strength.
- A GT Ap
191. Problem solving is the process of \_\_\_\_\_.
- A. Choosing among alternative courses of action for dealing with a problem.
  - B. Identifying a discrepancy between actual and desired states, and then taking appropriate corrective action.
  - C. Approaching a problem in a rational and logical manner.
  - D. Approaching a problem in an aggressive, corrective manner.
  - E. Finding a performance deficiency.
- B KT Fa
192. A(n) \_\_\_\_\_ is a choice among alternative possible courses of action.
- A. Problem.
  - B. Performance deficiency.
  - C. Performance opportunity.
  - D. Decision.
  - E. Action plan.
- D KT Fa
193. Problem solving and decision making are dependent on quality \_\_\_\_\_ being available to the right people at the right time.
- A. Products.
  - B. Services.
  - C. Information.
  - D. Control.
  - E. Goals.
- C GT Ap

*Types of Managerial Decisions*

194. \_\_\_\_\_ use solutions already available from past experience to solve \_\_\_\_\_.
- A. Programmed decisions ... structured problems.
  - B. Nonprogrammed decisions ... structured problems.
  - C. Programmed decisions ... unstructured problems.
  - D. Nonprogrammed decisions ... unstructured problems.
  - E. Crisis decisions ... structured problems.
- A      KT      Fa
195. \_\_\_\_\_ are ones that are familiar, straightforward, and clear with respect to the information needs.
- A. Expected problems.
  - B. Unstructured problems.
  - C. Systematic decisions.
  - D. Structured problems.
  - E. Administrative decisions.
- D      KT      Fa
196. A good example of a programmed decision is to \_\_\_\_\_.
- A. Reorder inventory automatically when it falls to a certain level.
  - B. Place poor performing students on probation at a pre-established minimum grade average.
  - C. Initiate an IRS audit when charitable deductions reported on the tax form exceed a certain limit.
  - D. All of the above.
  - E. None of the above.
- D      GT      Ap
197. \_\_\_\_\_ are full of ambiguities and information deficiencies, and require \_\_\_\_\_ that craft novel solutions to meet the demands of a unique situation.
- A. Structured problems ... programmed decisions
  - B. Structured problems ... nonprogrammed decisions
  - C. Unstructured problems ... nonprogrammed decisions
  - D. Unstructured problems .... programmed decisions
  - E. Structured problems ... crisis decisions.
- C      KT      Fa
198. A(n) \_\_\_\_\_ is made when a new and unfamiliar problem arises and a novel solution is crafted to meet the demands of the unique situation at hand.
- A. Programmed decision.
  - B. Nonprogrammed decision.
  - C. Structured decision.
  - D. Unstructured decision.
  - E. Difficult decision.
- B      KT      Fa

199. Which of the following is NOT a good example of a nonprogrammed decision situation?
- A. Dealing with a massive equipment breakdown.
  - B. Assessing environmental changes and adjusting corporate strategy accordingly.
  - C. Evaluating different locations for setting up an overseas manufacturing facility.
  - D. Dealing with an incident of workplace rage by a former employee.
  - E. Consideration of an employee's request for tuition reimbursement for a job-related course taken at the local community college.
- E GT Ap
200. Most problem situations encountered by higher-level managers can be classified as \_\_\_\_\_.
- A. Nonroutine and unstructured.
  - B. Classical and unexpected.
  - C. Routine and administrative.
  - D. Systematic and behavioural.
  - E. Intuitive and functional.
- A GT Ap
201. An unexpected problem that can lead to disaster if not resolved quickly and appropriately is known as \_\_\_\_\_.
- A. A structured problem.
  - B. An unstructured problem.
  - C. A nonprogrammed decision.
  - D. A programmed decision.
  - E. A crisis.
- E KT Fa
202. Terrorism in the post-9/11 world, ethical scandals, outbreaks of workplace violence, information technology failures, and man-made environmental disasters are all examples of \_\_\_\_\_ problems that managers sometimes face.
- A. Routine.
  - B. Creative.
  - C. Crisis.
  - D. Expected.
  - E. Programmed.
- C GT Ap
203. Which of the following statements does NOT accurately describe an aspect of how managers should deal with a crisis?
- A. The ability to handle a crisis may be the ultimate test of a manager's problem-solving capabilities.
  - B. Most managers react to crisis situations by readily involving others in solving the problem.
  - C. Information and teamwork are especially crucial in solving a crisis situation.
  - D. Proactive managers try to identify those situations that are likely to be susceptible to a crisis, and then develop basic contingency plans for crisis management.
  - E. A crisis may be worsened if critical decisions are made with poor or inadequate information and from a limited perspective.
- B GT Ap

204. \_\_\_\_\_ refers to the preparation of managers and others to deal with unexpected high-impact events that threaten an organization's well-being.
- A. Fiscal responsibility.
  - B. High context planning.
  - C. Relief anticipation management.
  - D. Impact avoidance goal setting.
  - E. Crisis management.
- E      KT      Fa
205. Which of the following is NOT an appropriate rule or guideline for crisis management?
- A. Take the time to understand what is going on with the crisis situation and the conditions under which the crisis must be resolved.
  - B. Attack the crisis as quickly as possible to keep it as small as possible.
  - C. Know when to back off and wait for a better opportunity to make progress with the crisis.
  - D. Never "fight fire with fire" by starting another crisis to get people's attention.
  - E. Respect the danger of the unfamiliar and value the skeptic.
- D      MN      Ap

**Decision Environments**

206. A \_\_\_\_\_ is the decision environment in which complete information is available about possible alternative courses of action and their outcomes.
- A. Probability environment.
  - B. Uncertain environment.
  - C. Risk environment.
  - D. Certain environment.
  - E. Normal environment.
- D      KT      Fa
207. The ideal, but seldom achieved, condition for managerial problem solving is characterized by \_\_\_\_\_.
- A. Low risk, because managers seek little stimulation.
  - B. High risk, because that is when high profits are possible.
  - C. Uncertainty, because that offers the greatest chance for creativity.
  - D. Normality, because that is the condition under which all the business school principles work.
  - E. Certainty, because the manager simply has to locate the alternative offering the best solution.
- E      GT      Ap
208. When decision makers lack complete information on action alternatives and their consequences but have some knowledge of the probabilities associated with the various outcomes, they are operating in an environment of \_\_\_\_\_.
- A. Certainty.
  - B. Risk.
  - C. Uncertainty.
  - D. Subjectivity.
  - E. Equifinality.
- B      KT      Fa

209. When managers are unable to even assign probabilities to the outcomes attached to various problem-solving alternatives, \_\_\_\_\_.
- A. A state of crisis exists.
  - B. Uncertainty exists.
  - C. Managers cannot rely on creativity.
  - D. No solutions are possible.
  - E. The planning system must rely on managers' intuition.
- B      KT      Fa

210. The most difficult decision environment for any manager to deal with is \_\_\_\_\_.
- A. Certainty.
  - B. Risk.
  - C. Uncertainty.
  - D. Probability.
  - E. Innovation.
- C      GT      Ap

### **Problem-Solving Styles**

211. Which of the following statements is/are accurate?
- A. Problem avoiders ignore information that would otherwise signal the presence of a problem.
  - B. Problem seekers try to solve problems as they arise.
  - C. Problem solvers actively process information and look for problems to solve or opportunities to explore.
  - D. B and C.
  - E. A, B, and C.
- A      GT      Fa
212. Managers who ignore information that would otherwise signal the presence of a problem are \_\_\_\_\_.
- A. Problem deniers.
  - B. Problem avoiders.
  - C. Problem seekers.
  - D. Problem passers.
  - E. Problem delegators.
- B      GT      Fa
213. \_\_\_\_\_ are managers who try to solve problems but only when forced to by the situation.
- A. Problem avoiders.
  - B. Active managers.
  - C. Problem solvers.
  - D. Problem seekers.
  - E. Problem followers.
- C      GT      Fa

214. Managers who actively process information and constantly look for problems to solve or opportunities to explore are best described as \_\_\_\_\_.
- A. Problem avoiders.
  - B. Problem deniers.
  - C. Problem solvers.
  - D. Problem seekers.
  - E. Problem leaders.
- D      181      GT      Fa
215. Suppose retail sales are steadily dropping. Executive A says it is probably a seasonal drop and should be ignored. Executive B suggests convening a task force to analyze the situation before a decision is made. Executive C says the answer to the drop in sales is to conduct market research and possibly develop a new image for the store or revamp the marketing campaign to make the store more appealing to the consumer. Which of the following statements accurately describes the three executives' different styles for dealing with problems?
- A. A is a problem avoider; B is problem seeker; C is a problem solver.
  - B. A is a problem avoider; B is a problem avoider; C is problem solver.
  - C. A is a problem avoider; B is a problem solver; C is a problem seeker.
  - D. A is a problem avoider; B is a problem seeker; C is a problem seeker.
  - E. None of the above is accurate.
- C      GT      Ap
216. A person who approaches problems in a rational, step-by-step, and analytical fashion is engaging in \_\_\_\_\_.
- A. Risk analysis.
  - B. Uncertainty analysis.
  - C. Systematic thinking.
  - D. Intuitive thinking.
  - E. Strategic opportunism.
- C      KT      Fa
217. Systematic thinkers are likely to \_\_\_\_\_.
- A. Make a plan for solving a problem but explore and abandon alternatives very quickly.
  - B. Break a complex problem into smaller components, make a plan before taking action, and search for information to facilitate problem solving in a step-by-step fashion.
  - C. Broadly and quickly evaluate the problem situation and the possible alternative course of action.
  - D. Rely on nonverbal cues and hunches to solve problems.
  - E. Deal with many aspects of a problem simultaneously, consider hunches, and jump quickly from one issue to another.
- B      GT      Fa

218. Someone who approaches problems in a flexible and spontaneous fashion is engaging in \_\_\_\_\_.
- A. Risk analysis.
  - B. Uncertainty analysis.
  - C. Systematic thinking.
  - D. Intuitive thinking.
  - E. Strategic opportunism.
- C      KT      Fa
219. Intuitive thinkers are likely to do all of the following EXCEPT:
- A. Broadly and quickly evaluate a problem situation.
  - B. Explore and abandon alternatives very quickly.
  - C. Consider a number of alternatives and options simultaneously.
  - D. Consider hunches and jump quickly from one issue to another.
  - E. Solve problems in a step-by-step fashion.
- E      GT      Fa
220. Managers should use \_\_\_\_\_ in high uncertainty situations where limited facts and few decision precedents exist.
- A. Systematic thinking.
  - B. Intuitive thinking.
  - C. The nominal group technique.
  - D. The brainstorming technique.
  - E. Decision tree analysis.
- B      GT      Ap
221. \_\_\_\_\_ is the capacity to view many problems at once, in relationship to one another, and across long and short time horizons.
- A. Intuitive thinking.
  - B. Expert thinking.
  - C. Strategic thinking.
  - D. Multidimensional thinking.
  - E. Alternative thinking.
- D      GT      Fa
222. \_\_\_\_\_ is the ability to remain focused on long-term objectives while being flexible in dealing with short-term problems and opportunities in a timely manner.
- A. Individual opportunism.
  - B. System opportunism.
  - C. Strategic opportunism.
  - D. Competitive opportunism.
  - E. Intuitive opportunism.
- C      KT      Fa

**THE DECISION-MAKING PROCESS (STUDY QUESTION 4)**

223. The \_\_\_\_\_ involves a set of activities and events that begins with identification of a problem, includes making a decision, and ends with the evaluation of results.
- A. Control process.
  - B. Organizing process.
  - C. Leading process.
  - D. Decision-making process.
  - E. Negotiation process.
- D      GT      Fa

224. Decision making is a \_\_\_\_\_ process that begins with \_\_\_\_\_ and ends with \_\_\_\_\_.
- A. Five-step ... identifying and defining the problem ... evaluating results.
  - B. Five-step ... identifying and defining the problem ... implementing the solution.
  - C. Four-step ... identifying and defining the problem ... implementing the solution.
  - D. Six-step ... generating alternative solutions ... evaluating the results.
  - E. Six-step ... generating alternative solutions ... implementing the solution.
- A      GT      Fa

**Identify and Define the Problem**

225. The first step in the decision-making process involves \_\_\_\_\_.
- A. Generating alternative solutions and evaluating them.
  - B. Selecting a preferred solution.
  - C. Implementing the preferred solution.
  - D. Gathering information, processing information, and deliberating.
  - E. Evaluating the results.
- D      KT      Fa
226. A key aspect of \_\_\_\_\_ involves clarifying goals by determining exactly what a decision should accomplish.
- A. Evaluation of solutions.
  - B. Implementation of solutions.
  - C. Problem identification and definition.
  - D. Generation of solutions.
  - E. Choosing a preferred solution.
- C      GT      Ap
227. Which of the following is NOT one of the common mistakes in defining problems that are listed in the text?
- A. Focusing on symptoms instead of causes.
  - B. Choosing the wrong problem to address.
  - C. Defining the problem too broadly.
  - D. Defining the problem too narrowly.
  - E. Defining the problem too quickly.
- E      GT      Fa

228. Stating a problem as the need to “build a better mousetrap” instead of the need to “get rid of mice” is an example of which type of error in identifying and defining a problem?
- Choosing the wrong problem to deal with.
  - Focusing on symptoms instead of causes.
  - Defining a problem too broadly or too narrowly.
  - Selective perception.
  - Doing the routine rather than the unexpected.
- C GT Ap

**Generate and Evaluate Alternative Courses of Action**

229. \_\_\_\_\_ is the decision making stage at which people assemble the facts and information that will be helpful for problem solving.
- Identification and problem definition.
  - Generation and evaluation of alternative courses of action.
  - Selection of the preferred course of action and making the “ethics double check.”
  - Implementation of the decision solution.
  - Evaluation of results.
- B GT Fa
230. All of the following activities appropriately occur in the second stage of the decision-making process EXCEPT:
- Assemble the facts and information that will be helpful for problem solving.
  - Clarify exactly what is known and what needs to be known.
  - Evaluate alternative courses of action by using stakeholder analysis.
  - Evaluate alternative course of action by using cost-benefit analysis.
  - Decide on a preferred solution.
- E GT Ap
231. Comparing the costs of implementing an alternative with its expected benefits is called a(n) \_\_\_\_\_.
- Inventory of alternatives.
  - Cost-benefit analysis.
  - Decision matrix.
  - Payoff table.
  - Chart of probabilities.
- B KT Fa
232. Typical criteria for evaluating alternative solutions include all of the following EXCEPT:
- Benefits and costs.
  - Timeliness.
  - Acceptability.
  - Ease of implementation.
  - Ethical soundness.
- D GT Fa

233. Which of the following features will likely prevent the second step of the decision-making process from being effective?
- A. The pros and cons of possible alternative courses of action should be identified
  - B. Bringing more people into the decision process adds information and perspective to problem solving.
  - C. Decisions are only as good as the quality of alternatives that are considered.
  - D. The search for alternatives should be completed quickly.
  - E. Alternatives should meet ethical standards that are acceptable to the organization's various stakeholders.
- D      GT      Fa

***Decide on a Preferred Course of Action***

234. The third step of the decision-making process involves \_\_\_\_\_.
- A. Generating alternative solutions and evaluating them.
  - B. Selecting a preferred course of action
  - C. Implementing the solution.
  - D. Gathering information, processing information, and deliberating.
  - E. Evaluating the results.
- B      GT      Fa
235. The \_\_\_\_\_ describes decision making with complete information, where the manager faces a clearly defined problem and knows all possible action alternatives as well as their consequences.
- A. Classical decision model.
  - B. Administrative decision model.
  - C. Behavioural decision model.
  - D. Bounded rationality decision model.
  - E. Political decision model.
- A      KT      Fa
236. A manager who chooses the alternative giving the absolute best solution to a problem is making a(n) \_\_\_\_\_.
- A. Wise decision
  - B. Optimizing decision
  - C. Managerial decision
  - D. Limiting decision
  - E. Systematic decision.
- B      KT      Fa
237. Which one of the following characteristics does NOT accurately describe classical decision theory?
- A. Managers make rational choices in a certain world.
  - B. Managers have complete information.
  - C. The model focuses on clearly defined problems.
  - D. Knowledge exists regarding all possible alternatives and their consequences.
  - E. The alternative chosen is the satisfactory one.
- E      GT      Fa

238. The limited information-processing capabilities of human beings produce \_\_\_\_\_ that prevents people from becoming fully informed and making perfectly rational decisions.
- A. Decision resistance.
  - B. Intellectual fear.
  - C. Cognitive limitations.
  - D. Mental smallness.
  - E. Information backlog.
- C GT Fa
239. \_\_\_\_\_ indicates that decisions are rational only within the boundaries defined by the available information.
- A. Bounded rationality.
  - B. Available rationality.
  - C. Limited decision making.
  - D. Classical decision making.
  - E. Optimal rationality.
- A GT Fa
240. The \_\_\_\_\_ describes decision making where people are assumed to act only in terms of what they perceive about a given situation.
- A. Executive decision model.
  - B. Personal decision model.
  - C. Biased decision model.
  - D. Behavioural decision model.
  - E. Descriptive decision model.
- D KT Fa
241. When a manager chooses the first satisfactory alternative \_\_\_\_\_ that comes to his or her attention during the decision-making process, \_\_\_\_\_ occurs.
- A. Rationalization.
  - B. Intuition.
  - C. Satisficing.
  - D. Optimization.
  - E. Utilitarianism.
- C KT Fa
242. Which one of the following statements provides an inaccurate description of the behavioural decision model?
- A. Limits exist regarding human information-processing capabilities.
  - B. Managerial decisions are rational only within the boundaries defined by available information.
  - C. Cognitive limitations make it difficult for managers to become fully informed.
  - D. Even with cognitive limitations, competent managers can make perfectly rational decisions in highly ambiguous situations.
  - E. Because of bounded rationality managers make satisficing decisions, especially in dealing with ambiguous problems in risky and uncertain conditions.
- D GT Fa

243. The \_\_\_\_\_ is particularly useful in describing how people make decisions under conditions of risk and uncertainty.
- A. Classical decision model.
  - B. Executive decision model.
  - C. Behavioural decision model.
  - D. Descriptive decision model.
  - E. Political decision model.
- C      GT      Fa
244. Which one of the following statements regarding decision-making models is correct?
- A. The classical decision model views managers as acting in a certain world.
  - B. The classical decision model predicts that managers will make optimizing decisions.
  - C. The behavioural decision model describes how managers act in situations of limited information and bounded rationality.
  - D. The behavioural decision model predicts that managers will make satisficing decisions.
  - E. All of the preceding statements are correct.
- E      GT      Fa

### ***Implement the Decision Solution***

245. \_\_\_\_\_ is the decision-making stage at which problem-solving actions are initiated.
- A. Identification and problem definition.
  - B. Solution generation and evaluation.
  - C. Solution selection and “ethics double check.”
  - D. Implementation.
  - E. Evaluation.
- D      GT      Fa
246. The \_\_\_\_\_ refers to the failure to adequately involve those persons whose support is necessary to ensure a decision’s implementation.
- A. Person perception error.
  - B. Employee limitation error.
  - C. Bounded rationality error.
  - D. Satisficing error.
  - E. Lack-of-participation error.
- E      GT      Fa
247. The failure to adequately involve the people whose support is necessary to ensure a plan’s implementation is a major reason for difficulties in the \_\_\_\_\_ stage of decision making.
- A. Identification and problem definition.
  - B. Solution generation and evaluation.
  - C. Solution selection and “ethics double check.”
  - D. Implementation.
  - E. Evaluation.
- D      GT      Fa

**Evaluate Results**

248. The final stage of the decision-making process is \_\_\_\_\_.
- A. Identifying and defining problems.
  - B. Generating and evaluating solutions.
  - C. Selection a course of action.
  - D. Implementing the solution.
  - E. Evaluating results.
- E      GT      Fa
249. Which of the following does NOT accurately describe the evaluation of results in the decision-making process?
- A. The decision-making process is not complete until results are evaluated
  - B. The process must be renewed when results are not achieved.
  - C. Only negative consequences of the chosen course of action need to be examined.
  - D. Evaluation is made easier if the solution involves clear objectives with measurable targets and timetables.
  - E. A modified or new solution may need to be generated if the original solution appears to be inadequate.
- C      GT      Ap

**ISSUES IN MANAGERIAL DECISION MAKING (STUDY QUESTION 5)****Decision-Making Traps**

250. When people face complex environments and have limited information, they often use simplifying strategies for decision making. These simplifying strategies are known as \_\_\_\_\_.
- A. Uncertainty reduction.
  - B. Heuristics.
  - C. Optimizing.
  - D. Rationalization.
  - E. Work simplification.
- B      KT      Fa
251. Which statement about heuristics is correct?
- A. The availability heuristic occurs when people use information from memory as a basis for assessing a current situation or event.
  - B. The representativeness heuristic occurs when people assess the likelihood of something occurring based on its similarity to a stereotyped set of occurrences.
  - C. The anchoring and adjustment heuristic involves making decisions based on alterations to a previously existing value or starting point.
  - D. All of the above.
  - E. None of the above.
- D      GT      Fa

252. The \_\_\_\_\_ occurs when people use information “readily available” from memory as a basis for assessing a current situation or event.
- A. Representativeness heuristic.
  - B. Availability heuristic.
  - C. Escalation heuristic.
  - D. Satisficing heuristic.
  - E. Anchoring and adjustment heuristic.
- B GT Fa
253. The \_\_\_\_\_ occurs when people assess the likelihood of something occurring based on its similarity to a stereotyped set of occurrences.
- A. Representativeness heuristic.
  - B. Availability heuristic.
  - C. Escalation heuristic.
  - D. Satisficing heuristic.
  - E. Anchoring and adjustment heuristic.
- A GT Fa
254. The \_\_\_\_\_ involves making decisions based on alterations to a previously existing value or starting point.
- A. Representativeness heuristic.
  - B. Availability heuristic.
  - C. Escalation heuristic.
  - D. Satisficing heuristic.
  - E. Anchoring and adjustment heuristic.
- E GT Fa
255. When a problem is evaluated and resolved in the positive or negative context in which it is perceived, a(n) \_\_\_\_\_ occurs.
- A. Lack of participation error.
  - B. Escalation error.
  - C. Framing error.
  - D. Group decision error.
  - E. Satisficing error.
- C KT Fa
256. The tendency to increase effort and perhaps apply more resources to pursue a course of action that is not working is known as \_\_\_\_\_.
- A. Cost-benefit impact.
  - B. Heuristics.
  - C. Escalating commitment.
  - D. Escalating cost impact.
  - E. Satisficing.
- C KT Fa

257. Tips on how to avoid the escalation of commitment trap in decision making include all of the following EXCEPT:
- A. Setting advance limits on involvement.
  - B. Determining why the particular course of action is right.
  - C. Guarding yourself against the tendency to quit too soon.
  - D. Keeping in mind the costs involved.
  - E. Not letting others influence your decision.
- C      MN      Fa

***Individual vs. Group Decision Making***

258. \_\_\_\_\_ managers and team leaders use both individual and group decision making, employing the one that best fits the problem at hand.
- A. Incompetent.
  - B. Poorly performing.
  - C. Mediocre.
  - D. Highly competent.
  - E. None of the above is correct.
- D      GT      Fa
259. In the context of individual and group decision making, the “right” decision method is the one that \_\_\_\_\_.
- A. Provides for a timely decision.
  - B. Provides for a quality decision.
  - C. Promotes the commitment of people who will be involved in implementing the decision.
  - D. A and B.
  - E. A, B, and C.
- E      GT      Fa
260. The potential advantages of group decision making include all of the following EXCEPT:
- A. It makes greater amounts of information, knowledge, and expertise available to solve problems.
  - B. It increases the number of action alternatives that are examined.
  - C. It increases the likelihood of minority domination.
  - D. It increases the understanding and acceptance of outcomes by members.
  - E. It increases the commitment of team members to implementing the final plans.
- C      GT      Fa
261. The potential disadvantages of group decision making include which of the following?
- A. Individual team members may feel pressure to conform to the wishes of others.
  - B. Minority domination may occur.
  - C. Decision making takes longer.
  - D. All of the above are potential disadvantages of group decision making.
  - E. None of the above is a potential disadvantage of group decision making.
- D      GT      Fa

**Ethical Decision Making**

262. Any decision should meet the \_\_\_\_\_.
- A. Ethics double check.
  - B. Bounded rationality limitations.
  - C. Intellectual capital requirements.
  - D. Group decision-making criteria.
  - E. Creativity guidelines.
- A      GT      Fa
263. Which of the following statement does NOT accurately describe an attribute or feature of ethical decision making?
- A. The “ethics double check” should address the question: “How would I feel if my family found out about this decision?”
  - B. The “ethics double check” should address the question: “How would I feel if this decision were published in the local newspaper?”
  - C. The “ethics double check” should be done during step 3 of the decision-making process.
  - D. Any discomfort in answering the “ethics double check” questions signifies that the decision may have ethical shortcomings.
  - E. Only major managerial decisions need to meet the criteria of the “ethics double check.”
- E      GT      Fa
264. Examining the \_\_\_\_\_ a proposed decision may result in both better decisions and the prevention of costly litigation.
- A. Implementation strategy for.
  - B. Ethics of.
  - C. Expected results of.
  - D. Required resources for.
  - E. Top management support for.
- B      GT      Fa
265. Managers can proceed with confidence in implementing a decision solution when the decision meets all of the following criteria EXCEPT:
- A. Utility.
  - B. Rights.
  - C. Justice.
  - D. Support.
  - E. Caring.
- D      GT      Ap
266. Which of the following questions does NOT address the ethical criteria for decision making that managers should use?
- A. Does the decision satisfy all constituents or stakeholders?
  - B. Does the decision respect the rights and duties of everyone?
  - C. Does the decision fulfill the organization’s strategic objectives?
  - D. Is the decision consistent with the canons of justice?
  - E. Is the decision consistent with my responsibilities to care?
- C      GT      Ap

**Knowledge Management and Organizational Learning**

267. \_\_\_\_\_ describes the processes through which organizations develop, organize, and share knowledge to achieve competitive advantage.
- A. Information management.
  - B. Employee training and development.
  - C. Knowledge management.
  - D. Strategic positioning.
  - E. Competitive analysis.
- C      KT      Fa
268. An organization with effective knowledge management will \_\_\_\_\_.
- A. Energize the organization's learning processes.
  - B. Ensure that its intellectual assets are well managed and continually enhanced.
  - C. Ensure that knowledge is used as a strategic and integrative force in the organization.
  - D. All of the above.
  - E. None of the above.
- D      GT      Ap
269. A \_\_\_\_\_ is responsible for energizing learning processes and making sure that an organization's portfolio of intellectual assets are well-managed and continually enhanced.
- A. Chief information officer.
  - B. Chief knowledge officer.
  - C. Chief operating officer.
  - D. Chief learning officer.
  - E. Chief executive officer.
- B      GT      Fa
270. An organization that is able to continuously change and improve its performance based upon lessons of experience is known as \_\_\_\_\_.
- A. A total quality organization.
  - B. An experienced organization.
  - C. A learning organization.
  - D. A continuous improvement organization.
  - E. A developing organization.
- C      KT      Fa
271. Which of the following accurately describes the nature of learning organizations?
- A. Learning organizations place high value on developing the ability to learn and then making that learning continuously available to all organizational members.
  - B. Learning organizations can learn from their own experiences as well as the experiences of contractors, suppliers, partners, and customers.
  - C. Learning organizations must be willing to seek out learning opportunities.
  - D. All of the above.
  - E. None of the above.
- D      GT      Ap

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## Multiple Choice Questions

### CHAPTER INTRODUCTION

143. Which of the following statements about planning and controlling is/are accurate?
- A. Even the best plans will have to be changed at some point due to an uncertain future.
  - B. Managers must be flexible in response to new circumstances.
  - C. Managers must have the discipline to maintain control when performance pressures are unrelenting.
  - D. B and C.
  - E. A, B, and C.
- E      GT      Fa

### HOW AND WHY MANAGERS PLAN (STUDY QUESTION 1)

144. Setting objectives and determining what should be done to accomplish them is the essence of the management function of \_\_\_\_\_.
- A. Productivity improvement.
  - B. Controlling.
  - C. Leading.
  - D. Organizing.
  - E. Planning.
- E      KT      Fa
145. \_\_\_\_\_ is the process of deciding exactly what one wants to accomplish and how to do it.
- A. Sales forecasting
  - B. Planning.
  - C. Needs analysis.
  - D. Demand estimation.
  - E. Program development.
- B      KT      Fa

### Importance of Planning

146. \_\_\_\_\_ is the management function that establishes the platform for further managerial efforts.
- A. Leading.
  - B. Planning.
  - C. Organizing.
  - D. Controlling.
  - E. Optimization.
- B      GT      Fa

147. Planning is important for all of the following reasons EXCEPT:
- A. Planning is central to the management process.
  - B. Planning is important for staying ahead of the competition.
  - C. Planning helps an organization become better at what it does.
  - D. Planning helps an organization to be action oriented.
  - E. Planning eliminates the need for effective leadership.

E      GT      Fa

### *The Planning Process*

148. In the planning process, \_\_\_\_\_ refer to the specific results or desired outcomes that one intends to achieve.
- A. Guidelines.
  - B. Objectives.
  - C. End states.
  - D. Paybacks.
  - E. Alternatives.

B      KT      Fa

149. \_\_\_\_\_ is a statement of action steps to be taken in order to accomplish objectives.

- A. A plan.
- B. A solution.
- C. A guideline.
- D. An alternative.
- E. A goal.

A      KT      Fa

150. Which one of the following alternatives lists the planning steps in proper order?
- A. Define objectives, determine current standing relative to objectives, evaluate current accomplishments, analyze and choose among possible action alternatives, and implement the plan and evaluate results.
  - B. Define objectives, develop premises regarding future conditions, determine current standing relative to objectives, analyze and choose among possible action alternatives, and implement the plan and evaluate results.
  - C. Define objectives, determine current standing relative to objectives, develop premises regarding future conditions, analyze and choose among possible action alternatives, and implement the plan and evaluate results.
  - D. Determine current standing relative to objectives, define objectives, develop premises regarding future conditions, analyze and choose among possible action alternatives, and implement the plan and evaluate results.
  - E. Develop premises regarding future conditions, define objectives, determine current standing relative to objectives, analyze and choose among possible action alternatives, and implement the plan and evaluate results.

C      GT      Fa

151. The planning process is a systematic way of approaching which of the following tasks?
- A. Setting performance objectives.
  - B. Deciding how to best achieve performance objectives.
  - C. Ensuring that performance objectives have been attained.
  - D. A and B.
  - E. A, B, and C.
- D GT Fa

### ***Benefits of Planning***

152. External pressures on planning include all of the following EXCEPT:
- A. Increasing uncertainty in the global economy.
  - B. The cost of investments in land, labour, and capital.
  - C. Increasing complexity of technology.
  - D. The quest for operating efficiencies.
  - E. Ethical expectations.
- D GT Fa
153. Internal pressures on planning include all of the following EXCEPT:
- A. Greater diversity in the workplace.
  - B. The cost of investments in land, labour, and capital.
  - C. New structures and technologies.
  - D. The quest for operating efficiencies.
  - E. Alternative work arrangements.
- B GT Fa
154. The benefits of planning include all of the following EXCEPT:
- A. Planning improves focus and flexibility.
  - B. Planning improves action orientation.
  - C. Planning improves stress management.
  - D. Planning improves time management.
  - E. Planning improves control.
- C GT Fa
155. Which of the following statements accurately describe the benefits of planning?
- A. Planning improves action orientation.
  - B. Planning improves coordination.
  - C. Planning improves time management.
  - D. A and B.
  - E. A, B, and C.
- E GT Fa

156. Which of the following statements about focus is/are correct?
- A. An organization with focus knows what it does best.
  - B. An organization with focus knows the needs of its customers and knows how to serve them well.
  - C. An individual with focus knows where he or she wants to go in a career or situation and is able to retain that objective even in difficult circumstances.
  - D. All of the above.
  - E. None of the above.
- D      GT      Fa
157. Which of the following statements about flexibility is/are correct?
- A. An organization with flexibility is willing and able to change and adapt.
  - B. An organization with flexibility operates with an orientation toward the future.
  - C. An individual with flexibility adjusts career plans to fit new and developing opportunities.
  - D. All of the above.
  - E. None of the above.
- D      GT      Fa
158. Planning provides several action orientations for people and organizations. Which one of the following is NOT an action orientation of planning?
- A. Planning is results oriented.
  - B. Planning is priority oriented.
  - C. Planning is advantage oriented.
  - D. Planning is management oriented.
  - E. Planning is change oriented.
- D      GT      Fa
159. Planning helps managers and organizations to stay ahead of the competition by doing all of the following EXCEPT:
- A. Creating a performance-oriented sense of direction.
  - B. Making sure the most important things get attention first.
  - C. Ensuring that all resources are used to best advantage.
  - D. Ensuring that all passive activity is eliminated.
  - E. Anticipating problems and opportunities so they can be dealt with in the best way.
- D      GT      Fa
160. Good planning creates a \_\_\_\_\_ in which lower-level objectives lead to the accomplishment of higher-level objectives.
- A. A hierarchy of authority.
  - B. Performance targets.
  - C. A means-ends chain.
  - D. Interlinked hierarchies of responsibility
  - E. Activity schedules.
- D      KT      Fa

161. A means-ends chain is also known as a \_\_\_\_\_.
- A. Hierarchy of authority.
  - B. Hierarchy of objectives.
  - C. Control system.
  - D. Responsibility structure.
  - E. Zero-based budget.
- B      GT      Fa
162. In the means-ends chain, \_\_\_\_\_ objectives are ends that are directly tied to \_\_\_\_\_ objectives as the means for their accomplishment.
- A. Lower-level ... lower-level.
  - B. Lower-level ... higher-level.
  - C. Moderate-level ... moderate-level
  - D. Higher-level ... lower-level.
  - E. Higher-level ... higher-level.
- D      GT      Fa
163. Effective \_\_\_\_\_ involves choices about the allocation of time to the most important priorities.
- A. Inventory management.
  - B. Cash management.
  - C. Time management.
  - D. Project budgeting.
  - E. Strategic management.
- C      GT      Fa
164. Planning facilitates control by defining the objectives and \_\_\_\_\_.
- A. Identifying the specific courses of action to be taken.
  - B. Creating specialization among the workers.
  - C. Improving organizational structures.
  - D. Developing the human resources.
  - E. Motivating the workers.
- A      GT      Fa
165. Without \_\_\_\_\_, \_\_\_\_\_ lacks a framework for measuring how well things are going and what could be done to improve things.
- A. Problem solving ...organizing.
  - B. Planning ... controlling.
  - C. Planning ... leading.
  - D. Controlling ... goal setting.
  - E. Planning .... decision making.
- B      GT      Ap

166. Without \_\_\_\_\_, \_\_\_\_\_ lacks the follow-through needed to ensure that things work as planned.
- A. Controlling ... organizing.
  - B. Planning ... controlling.
  - C. Controlling ... leading.
  - D. Planning ... problem solving
  - E. Controlling. ... planning.
- E      GT      Ap

## **TYPES OF PLANS USED BY MANAGERS (STUDY QUESTION 2)**

### *Short-Range and Long-Range Plans*

167. Which of the following statements accurately describe planning time horizons?
- A. Short-range plans cover one year or less into the future.
  - B. Intermediate-range plans cover a time frame of one to two years into the future.
  - C. Long-range plans cover a time frame of three or more years into the future.
  - D. All of the above.
  - E. None of the above.
- D      GT      Fa
168. Which level of management spends more time with long-range planning?
- A. Lower-level managers.
  - B. Middle-level managers.
  - C. Lower-level and middle-level managers.
  - D. Top-level managers.
  - E. All levels of management.
- D      GT      Fa
169. Which of the following are implications of research conducted by Elliot Jacques?
- A. People vary in their capabilities to think out, organize, and work through events of different time horizons.
  - B. Most people work comfortably with only three-month time spans; smaller groups of people work well with a one-year time frame; and only one person in several million can handle a 20-year time frame.
  - C. Managers working at different levels in the organization must plan over varying time horizons.
  - D. All of the above.
  - E. None of the above.
- D      GT      Fa
170. \_\_\_\_\_ keeps making long-range planning shorter and shorter.
- A. International time.
  - B. Strategic time.
  - C. Internet time.
  - D. Eastern Standard Time.
  - E. Daylight Savings Time.
- C      GT      Fa

**Strategic and Operational Plans**

171. \_\_\_\_\_ plans set broad, comprehensive, and longer-term action directions for the entire organization.  
A. Normal.  
B. Single-use.  
C. Strategic.  
D. Tactical.  
E. Operational.  
C KT Fa
172. Plans that define what needs to be done in specific functions or work units in order to implement strategic plans and achieve strategic objectives are called \_\_\_\_\_.  
A. Business plans.  
B. Implementing plans.  
C. Company plans.  
D. Tactical plans.  
E. Operational plans.  
E KT Fa
173. How are strategic plans and operational plans related?  
A. Strategic plans and operational plans are unrelated.  
B. Strategic plans define what needs to be done to implement operational plans.  
C. Strategic plans are developed to address long-term organizational objectives; operational plans implement strategic plans.  
D. Operational plans are developed to meet long-term organizational objectives; strategic plans implement operational plans.  
E. Strategic plans set operational objectives; operational plans carry out those objectives.  
C GT Ap
174. Typical operational plans in a business would include all of the following EXCEPT:  
A. Dealing with methods and technology needed by people in their work.  
B. Dealing with money required to support various operations.  
C. Dealing with requirements of selling and distributing goods or services.  
D. Dealing with company growth through mergers and acquisitions.  
E. Dealing with recruitment, selection, and placement of people into jobs.  
D GT Fa
175. Production plans, financial plans, facilities plans, marketing plans, and human resource plans are all examples of \_\_\_\_\_ plans.  
A. Strategic.  
B. Operational.  
C. Contingency.  
D. Standing-use.  
E. Flexible.  
B GT Fa

*Policies and Procedures*

176. Policies and procedures that are used repeatedly are called \_\_\_\_\_.
- A. Single-use plans.
  - B. Standing plans.
  - C. Strategic plans.
  - D. Scheduling plans.
  - E. Individual plans.
- B      GT      Fa
177. \_\_\_\_\_ communicate broad guidelines for making decisions and taking action in specific circumstances.
- A. Rules.
  - B. Procedures.
  - C. Policies.
  - D. A and B.
  - E. A, B, and C.
- C      KT      Fa
178. \_\_\_\_\_ or \_\_\_\_\_ describe exactly what actions are to be taken in specific situations.
- A. Rules ... procedures.
  - B. Rules ... goals.
  - C. Procedures ... policies.
  - D. Projects ... project management.
  - E. Objectives ... strategies.
- A      KT      Fa
179. \_\_\_\_\_ are often found in employee manuals as standard operating procedures.
- A. Goals.
  - B. Rules.
  - C. Budgets.
  - D. A and B.
  - E. A and C.
- B      GT      Ap
180. Which of the following statements best distinguishes between procedures and policies?
- A. Procedures help obtain organizational objectives; policies do not.
  - B. Procedures present a plan of action for specific situations; policies are broad guidelines.
  - C. A procedure is a single-use plan; a policy is a standing plan.
  - D. Procedures guide ethics; policies guide fair employment.
  - E. A procedure is a standing-use plan; a policy is a single-use plan.
- B      GT      Fa

181. When a university issues a statement that it "... will not tolerate sexual harassment in relation to the evaluation of employee or student performance ...," a \_\_\_\_\_ plan in the form of an organizational \_\_\_\_\_ is being communicated.
- A. Single-use ... procedure.
  - B. Standing-use ... rule.
  - C. Standing ... procedure.
  - D. Single-use ... policy.
  - E. Standing ... policy.
- E      GT      Ap

### ***Budgets and Projects***

182. A \_\_\_\_\_ is an example of a single-use plan that serves the needs and objectives of a well-defined situation in a timely manner.
- A. Monthly operating budget.
  - B. Sexual harassment policy.
  - C. Standard operating procedure.
  - D. Marketing strategy.
  - E. Performance appraisal process.
- A      GT      Ap
183. \_\_\_\_\_ are single-use plans that commit resources to activities, projects, or programs.
- A. Policies.
  - B. Rules.
  - C. Budgets.
  - D. Procedures.
  - E. Strategies.
- C      KT      Fa
184. Which one of the following statements does NOT accurately describe budgets?
- A. Budgets are standing plans.
  - B. Budgets commit resources to activities, projects, or programs.
  - C. Budgets can be fixed or flexible.
  - D. Budgets are single-use plans.
  - E. Budgets allocate scarce resources among competing uses.
- A      GT      Fa
185. A \_\_\_\_\_ budget is defined as one that allocates a fixed amount of resources for a specific purpose.
- A. Fixed.
  - B. Flexible.
  - C. Zero-based.
  - D. Contingency.
  - E. Comprehensive.
- A      GT      Fa

186. A(n) \_\_\_\_\_ budget allows the allocation of resources to vary in proportion with various levels of activity.  
A. Master.  
B. Strategic.  
C. Operational.  
D. Flexible.  
E. Zero-based.  
D GT Fa
187. In a chain of discount department stores, personnel needs are estimated in three different ways: (a) for a high demand season, (b) for a moderate demand season, and (c) for a slack season. By taking these three activity levels into account, managers are developing a \_\_\_\_\_.  
A. Fixed budget.  
B. Flexible budget.  
C. Zero-based budget.  
D. Standing-use plan.  
E. Policy.  
B GT Ap
188. When a project or activity is budgeted in each new budget period as if it were brand new, a(n) \_\_\_\_\_ budgeting approach is being used.  
A. Fixed.  
B. Flexible.  
C. Zero-based.  
D. Contingency.  
E. Operational.  
C KT Fa
189. \_\_\_\_\_ refer to one-time activities that have clear beginning and end points.  
A. Procedures.  
B. Rules.  
C. Projects.  
D. Budgets.  
E. Goals.  
C KT Fa
190. \_\_\_\_\_ involves making sure that the activities required to complete a project are done on time, within budget, and fulfill objectives.  
A. Strategic goal setting.  
B. Management by objectives.  
C. Project management.  
D. Zero-based budgeting.  
E. Self-control.  
C KT Fa

191. \_\_\_\_\_ define specific task objectives, link activities to be accomplished with due dates, and identify the amounts and timing of resource requirements.
- A. Fixed budgets.
  - B. Flexible budgets.
  - C. Control limits.
  - D. Project schedules.
  - E. Inventory order schedules.
- D      GT      Fa

### PLANNING TOOLS AND TECHNIQUES (STUDY QUESTION 3)

#### Forecasting

192. \_\_\_\_\_ is the process of predicting what will happen in the future.
- A. Contingency planning.
  - B. Visioning.
  - C. Identifying objectives.
  - D. Foretelling.
  - E. Forecasting.
- E      KT      Fa
193. Using the opinions of persons with special expertise to make predictions about the future is called \_\_\_\_\_.
- A. Quantitative forecasting.
  - B. Guesswork.
  - C. Qualitative forecasting.
  - D. Contingency planning.
  - E. Expert planning.
- C      GT      Fa
194. Using mathematical and statistical analyses of historical data and surveys to predict future events is called \_\_\_\_\_.
- A. Quantitative forecasting.
  - B. Guesswork.
  - C. Qualitative forecasting.
  - D. Contingency planning.
  - E. Expert planning.
- A      GT      Fa
195. Which of the following statements about forecasting is NOT true?
- A. Forecasting always relies on human judgment.
  - B. Highly sophisticated quantitative approaches to forecasting still require interpretation.
  - C. Forecasts are always subject to error and should be treated with caution.
  - D. Forecasting is an effective and efficient substitute for planning.
  - E. Forecasting is a planning tool.
- D      GT      Ap

**Contingency Planning**

196. Planning that identifies alternative courses of action that can be implemented to meet the needs of changing circumstances is called \_\_\_\_\_.
- A. Formal planning.
  - B. Contingency planning.
  - C. Just-in-time planning.
  - D. Problem solving.
  - E. Just-in-case planning.
- B      KT      Fa
197. Which of the following statements about contingency planning is FALSE?
- A. Contingency planning occurs when planners decide the future will be identical to the past.
  - B. Contingency planning anticipates events that may occur in the future.
  - C. Contingency planning specifies different courses of action under different conditions.
  - D. Contingency planning focuses on early identification of possible shifts in future events.
  - E. Contingency planning contains trigger points that indicate when preselected alternative plans should be activated.
- A      GT      Ap

**Scenario Planning**

198. \_\_\_\_\_ is a long-term version of contingency planning.
- A. Forecasting.
  - B. Benchmarking.
  - C. Participation.
  - D. Scenario planning.
  - E. Flexible budgeting.
- D      GT      Fa
199. Identifying alternative future states of affairs that may occur and then developing plans to deal with each case should it actually occur is known as \_\_\_\_\_.
- A. Forecasting.
  - B. Scenario planning.
  - C. Benchmarking.
  - D. Participation.
  - E. Contingency planning.
- B      KT      Fa
200. Royal Dutch/Shell uses scenario planning to explore what the company would do if and when its oil supplies run out. For Royal Dutch/Shell, the benefits of scenario planning include which of the following?
- A. It helps the organization to plan ahead to make major adjustments in strategies and operations.
  - B. It conditions the company's executives to think.
  - C. It enables the company to be better prepared than competitors for future shocks.
  - D. All of the above.
  - E. None of the above.
- D      GT      Ap

**Benchmarking**

201. \_\_\_\_\_ is a technique that makes use of external comparisons to better evaluate one's current performance and identify possible actions for the future.
- A. Contingency planning.
  - B. Scenario planning.
  - C. Forecasting.
  - D. Management by objectives.
  - E. Benchmarking.
- E      KT      Fa
202. The purpose of \_\_\_\_\_ is to find out what other people and organizations are doing very well, and planning how to incorporate these ideas into one's own operations.
- A. Contingency planning.
  - B. Scenario planning.
  - C. Benchmarking.
  - D. Forecasting.
  - E. Participation.
- C      GT      Fa
203. \_\_\_\_\_ refer to those things that are done by both competitors and noncompetitors that enable them to achieve superior performance.
- A. Competitive goodies.
  - B. Superior goals.
  - C. Noncompetitive objectives.
  - D. Best practices.
  - E. Operating activities.
- D      GT      Fa

**Use of Staff Planners**

204. \_\_\_\_\_ are individuals who lead and coordinate the planning function for an organization as a whole or for one of its major components.
- A. Staff planners.
  - B. Event planners.
  - C. Middle managers.
  - D. Conference managers.
  - E. Corporate secretaries.
- A      GT      Fa
205. An important risk associated with the use of staff planners is the \_\_\_\_\_ that can develop between staff planners and line managers.
- A. Resistance to assistance.
  - B. Communication gap.
  - C. Skill discrepancies.
  - D. A and C.
  - E. A, B, and C.
- B      GT      Fa

**Participation and Involvement**

206. \_\_\_\_\_ requires that the planning process include people who will be affected by the resulting plans and/or will be asked to help implement them.
- A. Contingency planning.
  - B. Scenario planning.
  - C. Strategic planning.
  - D. Participatory planning.
  - E. Benchmarking.
- D     KT     Fa
207. The use of participatory planning can produce all of the following benefits EXCEPT:
- A. Increase creativity in planning.
  - B. Increase commitment of people for planning.
  - C. Increase acceptance of chosen alternatives.
  - D. Increase conflict over scarce resources.
  - E. Increase information available for planning.
- D     GT     Fa
208. Which of the following statements does NOT accurately describe a feature, characteristic, or outcome of using participation in the planning process?
- A. To create and implement the best plans, proper attention must always be given to genuinely involving others during all planning steps.
  - B. Only a few key people should be involved in developing plans in order to keep the plans simple and to facilitate implementation.
  - C. Participation is central to the planning process.
  - D. Participation in the planning process can increase the amount of time spent in planning.
  - E. Participation in the planning process can improve results by improving implementation.
- B     GT     Ap

**THE CONTROL PROCESS (STUDY QUESTION 4)**

209. The word "control" must be used carefully because \_\_\_\_\_.
- A. Controlling is an unethical managerial practice that must be concealed.
  - B. Most employees resent managerial control.
  - C. The word has a negative connotation.
  - D. Few managers actually know what it means.
  - E. Control is malicious.
- C     GT     Fa
210. Which of the following statements about control is/are correct?
- A. Control plays a positive and necessary role in the management process.
  - B. To have things under control is good.
  - C. To have things out of control is bad.
  - D. B and C.
  - E. A, B, and C.
- E     GT     Fa

**The Importance of Controlling**

211. Which of the following is the definition of controlling found in the textbook?
- A. Controlling refers to actions taken to reverse negative behavioural trends of employees.
  - B. Controlling is the monitoring of the fiscal results of managerial policies.
  - C. Controlling is the management process that separates the clever manager from the dim-witted manager.
  - D. Controlling is a process of measuring performance and taking action to ensure desired results.
  - E. Controlling is the set of actions that a manager takes to prevent inventory shrinkage.
- D      KT      Fa
212. The purpose of controlling is to \_\_\_\_\_.
- A. Motivate employees to work overtime hours.
  - B. Make sure plans are achieved and that actual performance meets or surpasses objectives.
  - C. Define a plan of action for the organization.
  - D. Coordinate resources and task performance.
  - E. Develop a hierarchy of objectives for lower-level managers.
- B      GT      Fa
213. Controlling does all of the following EXCEPT:
- A. Makes sure that performance by individuals and groups is consistent with plans.
  - B. Ensures that objectives and accomplishments of various subgroups of the organization are consistent with each other in a means-ends fashion.
  - C. Secures adequate financing for the enterprise.
  - D. Makes sure employees comply with organizational policies and procedures.
  - E. Ensures that the right things happen, in the right way, at the right time.
- C      GT      Ap
214. A(n) \_\_\_\_\_ is a structured review of lessons learned and results accomplished on a completed project.
- A. Post-dated assessment.
  - B. After-action review.
  - C. Learning organization critique.
  - D. Structured project analysis.
  - E. Action planning assessment.
- B      KT      Fa

**Steps in the Control Process**

215. The four steps of the control process are: establish performance objectives and standards; measure actual performance; compare actual performance with objectives and standards; and \_\_\_\_\_.
- A. Take corrective action as needed.
  - B. Reap the profits.
  - C. Pay for the losses.
  - D. Redefine the objectives.
  - E. Continue as before.
- A      GT      Fa

216. The four steps of the control process are: establish objectives and standards; \_\_\_\_\_; compare results with objectives and standards, and \_\_\_\_\_.
- A. Measure actual performance ... take corrective action as needed.
  - B. Develop alternative systems ... take corrective action as needed.
  - C. Revise unmet objectives ... pay for the losses.
  - D. Set new objectives ... evaluate results.
  - E. Measure actual performance ... continue as before.
- A      GT      Fa
217. Effective planning by managers helps accomplish which step in the control process?
- A. Measuring actual performance.
  - B. Comparing actual performance with objectives and standards.
  - C. Establishing performance objectives and standards.
  - D. Taking necessary corrective action.
  - E. Evaluating the results of corrective action.
- C      GT      Fa
218. \_\_\_\_\_ measure performance results in terms of quantity, quality, cost, or time of accomplished work.
- A. Input standards.
  - B. Output standards.
  - C. Annual reports.
  - D. Inventories.
  - E. Time-card summaries.
- B      KT      Fa
219. \_\_\_\_\_ standards measure effort in terms of the amount work expended in task performance.
- A. Output.
  - B. Input.
  - C. Cybernetic.
  - D. Critical performance.
  - E. Personal performance.
- B      KT      Fa
220. In the control process, \_\_\_\_\_ must be accurate enough to identify significant difference between what is really taking place and what was originally planned.
- A. Goals.
  - B. Exceptions.
  - C. Output standards.
  - D. Input standards.
  - E. Measurement.
- E      GT      Ap

221. Which of the following is an accurate description of the control equation?
- A. Need for action = desired performance + actual performance.
  - B. Need for action = performance expectations + performance deviations.
  - C. Need for action = desired performance – actual performance.
  - D. Need for action = performance expectations – performance deviations.
  - E. None of these is an accurate description of the control equation.
- C      GT      Fa
222. A manager can determine the need for corrective action by using \_\_\_\_\_ comparison measures.
- A. Historical.
  - B. Relative.
  - C. Engineering.
  - D. All of the above.
  - E. None of the above.
- D      GT      Fa
223. In utilizing a historical approach for comparing desired and actual performance, a manager will \_\_\_\_\_.
- A. Use past performance as a benchmark.
  - B. Use present performance to set the standard.
  - C. Use standards set scientifically through such methods as time and motion studies.
  - D. Use performance achievements of other people, work units, or organizations to set the standard.
  - E. Use the organization's objectives to set the standard.
- A      GT      Fa
224. In utilizing a relative approach to compare desired and actual performance, a manager will \_\_\_\_\_.
- A. Use past performance as a benchmark.
  - B. Use present performance to set the standard.
  - C. Use standards set scientifically through such methods as time and motion studies.
  - D. Use performance achievements of other people, work units, or organizations to set the standard.
  - E. Use the organization's objectives to set the standard.
- D      GT      Fa
225. In utilizing an engineering approach to compare desired and actual performance, a manager will \_\_\_\_\_.
- A. Use past performance as a benchmark.
  - B. Use present performance to set the standard.
  - C. Use standards set scientifically through such methods as time and motion studies.
  - D. Use performance achievements of other people, work units, or organizations to set the standard.
  - E. Use the organization's objectives to set the standard.
- C      GT      Fa

226. The practice of giving priority attention to situations showing the greatest need for action is called \_\_\_\_\_.
- A. Management by priority.
  - B. Management by exception.
  - C. Management by objectives.
  - D. Management by situation.
  - E. Management by opportunity.
- B      KT      Fa
227. \_\_\_\_\_ is the technique of focusing managerial attention on situations where the difference between actual and desired performance is greatest.
- A. High control management.
  - B. Management by exception.
  - C. Progressive management control.
  - D. Critical incident management.
  - E. Feedback control.
- B      KT      Fa
228. When the control equation identifies a situation in which actual performance is less than desired performance, the situation is called \_\_\_\_\_.
- A. Substandard performance.
  - B. A performance downfall.
  - C. A problem situation.
  - D. A losing situation.
  - E. A managerial problem.
- C      GT      Fa
229. A management exception known as the \_\_\_\_\_ occurs when actual performance is above the standard.
- A. Original assumption.
  - B. Expected end result.
  - C. Predicted end result.
  - D. Opportunity situation.
  - E. Intended course of action.
- D      GT      Fa
230. Suppose that, in reviewing a quarterly report of a department's achievements, the manager compares desired performance with actual performance. If the manager finds no deviation (that is, actual performance is EQUAL to the standard), the manager should \_\_\_\_\_.
- A. Take no corrective action.
  - B. Take corrective action because the standard was too easy.
  - C. Take action to understand why the standard was not exceeded.
  - D. Seek more resources for the department.
  - E. Keep the information to himself/herself.
- A      GT      Ap

231. Suppose that, in reviewing a quarterly report of a department's achievements, the manager compared desired performance with actual performance. If the manager found that actual performance was GREATER than the standard, the manager should \_\_\_\_\_.
- A. Take no corrective action.
  - B. Take corrective action to bring performance results in line with the standard.
  - C. Take action to understand why actual results exceeded the standard.
  - D. Defer action until the next quarter's reports are in and a trend is established.
  - E. Keep the information to himself/herself.
- C GT Ap

232. Suppose that, in reviewing a quarterly report of a department's achievements, the manager compared desired performance with actual performance. If the manager found that actual performance was LESS than the standard, the manager should \_\_\_\_\_.
- A. Take no corrective action.
  - B. Take corrective action.
  - C. Seek more resources for the department.
  - D. Defer action until the next quarter's reports are in and a trend is established.
  - E. Keep the information to himself/herself.
- B GT Ap

### **Types of Controls**

233. Which of the following statements accurately characterize the major types of managerial control systems?
- A. Feedforward controls are also called steering controls.
  - B. Concurrent controls are also called postaction controls.
  - C. Feedback controls are also called preliminary controls.
  - D. All of the above.
  - E. None of the above.
- E GT Fa
234. A feedforward control system focuses on \_\_\_\_\_.
- A. Work inputs.
  - B. Work processes.
  - C. Work throughputs.
  - D. Work responsibilities.
  - E. Work outputs.
- A KT Fa
235. The central question of \_\_\_\_\_ control is: "What needs to be done before we begin?"
- A. Damage.
  - B. Feedforward.
  - C. Concurrent.
  - D. Feedback.
  - E. Postaction.
- B GT Ap

236. \_\_\_\_\_ controls are designed to anticipate potential problems and take preventive action to avoid their occurrence.
- A. Feedback.
  - B. Prior.
  - C. Feedforward.
  - D. Postaction.
  - E. Internal.
- C      GT      Fa
237. A concurrent control system focuses on \_\_\_\_\_.
- A. Work inputs.
  - B. Work objectives.
  - C. Work throughputs.
  - D. Work responsibilities.
  - E. Work outputs.
- C      KT      Fa
238. The central question of \_\_\_\_\_ control is: "What can be done to improve things right now?"
- A. Damage.
  - B. Preliminary.
  - C. Concurrent.
  - D. Feedback.
  - E. Postaction.
- C      GT      Ap
239. Shift supervisors working alongside employees, constantly observing and intervening with immediate corrective action when something is not done properly, is an example of \_\_\_\_\_ control.
- A. Concurrent.
  - B. Preliminary.
  - C. Unnecessary.
  - D. Feedback.
  - E. Feedforward.
- A      GT      Ap
240. A feedback control system focuses on \_\_\_\_\_.
- A. Work inputs.
  - B. Work objectives.
  - C. Work throughputs.
  - D. Work responsibilities.
  - E. Work outputs.
- E      KT      Fa

241. Controls that focus on end results and provide information that can be used for future planning are called \_\_\_\_\_ controls.
- A. Concurrent.
  - B. Steering.
  - C. Posterior.
  - D. Feedback.
  - E. End-result.
- D      GT      Fa
242. The central question of \_\_\_\_\_ control is: "Now that we are finished, how did we do?"
- A. Damage.
  - B. Preliminary.
  - C. Concurrent.
  - D. Feedback.
  - E. Feedforward.
- D      GT      Ap
243. A cost report showing budget overruns on a project completed during the prior month is an example of which type of control?
- A. Cost control.
  - B. Preliminary control.
  - C. Feedback control.
  - D. Steering control.
  - E. Managerial control.
- C      GT      Ap

### ***Internal and External Control***

244. Internal control occurs when \_\_\_\_\_.
- A. Motivated individuals and groups are directly supervised.
  - B. Computers are used to monitor performance inside the organization.
  - C. Motivated individuals and groups exercise self-discipline in fulfilling job requirements.
  - D. Managers take responsibility for the activities in their own departments.
  - E. Motivated managers defend the organization against outside competitive attacks.
- C      KT      Fa
245. \_\_\_\_\_ control occurs through personal supervision and the use of formal administrative systems.
- A. Internal.
  - B. External.
  - C. Concurrent.
  - D. Feedforward.
  - E. Feedback.
- B      KT      Fa

246. Which of the following statements about internal and external control is/are accurate?
- A. Effective control typically involves some combination of internal and external control.
  - B. Organizations are increasingly relying on external control because of the emphasis on participation, empowerment, and involvement in the new workplace.
  - C. An internal control strategy requires a high degree of trust.
  - D. A and C.
  - E. A, B, and C.
- D      GT      Ap
247. The potential for self-control is increased under all of the following conditions EXCEPT:
- A. When people have a clear sense of organizational mission.
  - B. When people know their performance goals.
  - C. When people have the necessary resources to do their jobs well.
  - D. When people work in a organization with a culture that restricts participation in decision making.
  - E. When people treat each other with respect and consideration.
- D      GT      Ap

### **ORGANIZATIONAL CONTROL (STUDY QUESTION 5)**

#### ***MBO: Integrated Planning and Controlling***

248. \_\_\_\_\_ is a structured process of regular communication in which a supervisor/team leader and subordinates/team members jointly set performance objectives and review results accomplished.
- A. Communication of expected outcomes (CEO).
  - B. Management by objectives (MBO).
  - C. Performance management system (PMS).
  - D. Objective setting and review (OSR).
  - E. Partnered goal analysis (PGA).
- B      KT      Fa
249. In management by objectives (MBO), the supervisor/team leader and subordinates/team members formally agree on all of the following except \_\_\_\_\_.
- A. Performance objectives for a specific time period.
  - B. Plans for accomplishing the performance objectives.
  - C. Standards for measuring the accomplishment of objectives.
  - D. Procedures for reviewing performance results.
  - E. Procedures for distributing rewards based on performance results.
- E      GT      Fa

250. In a management by objectives approach, the supervisor/team leader and subordinates/team members \_\_\_\_\_.
- A. Jointly plan, individually act, and individually control.
  - B. Individually plan, individually act, and jointly control.
  - C. Jointly plan, individually act, and jointly control.
  - D. Jointly plan, jointly act, and individually control.
  - E. Jointly plan, jointly act, and jointly control.
- C      GT      Fa
251. In management by objectives (MBO), the objectives that are agreed on by the supervisor/team leader and the subordinates/team members can involve \_\_\_\_\_.
- A. Maintenance.
  - B. Improvement.
  - C. Personal development.
  - D. All of the above.
  - E. None of the above.
- D      GT      Fa
252. Which of the following statements does NOT accurately describe a good performance objective?
- A. A good performance objective targets a key result to be achieved.
  - B. A good performance objective identifies a date for achieving results.
  - C. A good performance objective offers a realistic and attainable challenge.
  - D. A good performance objective is as specific and quantitative as possible.
  - E. A good performance objective specifies the consequences of achieving (or not achieving) the desired results.
- E      GT      Ap
253. On those jobs where performance is difficult to quantify, performance objectives can be stated as \_\_\_\_\_.
- A. Short-range plans.
  - B. Benchmarks.
  - C. Verifiable work activities.
  - D. Measurable end products.
  - E. Personal preferences.
- C      GT      Fa
254. In using MBO, managers should avoid all of the following actions EXCEPT:
- A. Linking employees' performance objectives to compensation.
  - B. Focusing too much attention on easily quantifiable objectives.
  - C. Having subordinates engage in self-appraisal of their performance results in light of their performance objectives.
  - D. Having supervisors tell subordinates what objectives they will pursue.
  - E. Requiring excessive paperwork.
- C      GT      Ap

255. Which of the following is NOT one of the advantages of management by objectives (MBO)?
- A. MBO clearly focuses a person's work efforts on the most important tasks and objectives.
  - B. MBO clearly focuses a person's work efforts on the activities that are likely to result in the greatest rewards.
  - C. MBO focuses a supervisor's work efforts on areas of support that can help subordinates meet agreed-upon objectives.
  - D. MBO contributes to relationship building.
  - E. MBO encourages self-management rather than external supervisory control.
- B      GT      Ap

### *Employee Discipline Systems*

256. \_\_\_\_\_ is the act of influencing behaviour through reprimand.
- A. Internal control.
  - B. Operant conditioning.
  - C. Shaping.
  - D. Behaviour modification.
  - E. Discipline.
- E      KT      Fa
257. When \_\_\_\_\_ is handled in a fair, consistent, and systematic way, it is a useful form of managerial control.
- A. Punishment by objectives.
  - B. Positive punishment.
  - C. Discipline.
  - D. Incremental role confinement.
  - E. Employee dismantlement.
- C      GT      Fa
258. The "hot stove rules" refer to \_\_\_\_\_.
- A. A set of Occupational Safety and Health Administration (OSHA) rules for handling hot materials.
  - B. A set of common sense rules for control of employees in the food-services industry.
  - C. A set of guidelines for avoiding getting "burned" in receiving reprimands.
  - D. A metaphor for a self-disciplinary control system.
  - E. Analogies for disciplinary situations that are immediate, consistent, informative, supportive, realistic, and directed toward actions, not people.
- E      MN      Fa
259. A hot stove burns and people should not touch a hot stove in order to avoid harm. Based on this notion, the "hot stove rules" analogy of employee discipline indicates that a reprimand should \_\_\_\_\_.
- A. Be directed toward someone's actions, not his or her personality.
  - B. Be informative.
  - C. Occur in a supportive setting.
  - D. All of the above.
  - E. None of the above.
- D      MN      Fa

260. \_\_\_\_\_ ties reprimands to the severity and frequency of the employee's infractions.
- A. Punishment by objectives.
  - B. Positive punishment.
  - C. Progressive discipline.
  - D. Incremental discipline.
  - E. Regressive discipline.
- C      KT      Fa
261. In progressive discipline, the goal always is to achieve compliance with organizational expectations through the \_\_\_\_\_ reprimand possible.
- A. Most extreme.
  - B. Least noticeable.
  - C. Least extreme.
  - D. Most noticeable.
  - E. Most socially acceptable.
- C      GT      Fa
262. A supervisor who orally warns an employee the first time he is late for work, gives him a written reprimand the second time, and suspends him for one day without pay the third time, is using a system called \_\_\_\_\_.
- A. Punishment by objectives.
  - B. Positive punishment.
  - C. Progressive discipline.
  - D. Incremental discipline.
  - E. "Hot stove" discipline.
- C      GT      Ap

### **Information and Financial Controls**

263. For control purposes, which of the following is NOT an important financial aspect of organizational performance?
- A. The ability to generate cash to pay bills.
  - B. The ability to earn more in returns than the cost of the debt.
  - C. The ability to sell shares of the company's stock.
  - D. The ability to use resources efficiently and operate at minimum cost.
  - E. The ability to earn revenues greater than costs.
- C      GT      Fa
264. Which of the following statements provides an accurate description of financial ratios?
- A. Liquidity ratios use information about current assets and current liabilities.
  - B. Asset management ratios focus on the relationship between profits and either average inventory or total assets.
  - C. Net margin and return on investment are useful leverage ratios.
  - D. Inventory turnover is one method for determining the company's financial liquidity.
  - E. Leverage ratios are helpful in assessing how well assets are employed in generating sales.
- A      MN      Ap

**Break-Even Analysis**

265. The calculation of the point at which sales revenues are sufficient to cover costs is known as \_\_\_\_\_.

- A. Liquidity analysis.
- B. Break-even analysis.
- C. Cost control analysis.
- D. Optimal inventory analysis.
- E. Leverage analysis.

A      KT      Fa

266. The \_\_\_\_\_ occurs where losses end and the firm begins to make a profit.

- A. Current ratio.
- B. Hot stove point.
- C. Net margin.
- D. Break-even point.
- E. Debt ratio.

D      GT      Fa

267. The \_\_\_\_\_ is calculated by dividing total fixed costs by price minus variable costs.

- A. Current ratio.
- B. Break-even point.
- C. Economic order quantity.
- D. Net margin.
- E. Inventory turnover ratio.

B      GT      Fa

268. Break-even analysis can be used to \_\_\_\_\_.

- A. Evaluate a proposed new product or program.
- B. Examine the impact of cost control measures.
- C. Experiment with different “what-if” scenarios.
- D. A and C.
- E. A, B, and C.

E      GT      Ap

**Operations Management and Control**

269. Trends in purchasing control include \_\_\_\_\_.

- A. Leveraging buying power.
- B. Committing to a small number of suppliers.
- C. Cultivating supplier-purchaser relationships.
- D. All of the above.
- E. None of the above.

D      GT      Fa

270. Purchasing management uses its power to control costs in all of the following ways EXCEPT:
- A. Controlling inventory.
  - B. Committing to a small number of suppliers that will provide quality assurances and preferred service.
  - C. Committing to a small number of suppliers that will negotiate special contracts.
  - D. Centralizing purchasing activities to permit volume buying.
  - E. Developing supplier-purchaser partnerships that enable both partners to contain costs.
- A GT Fa
271. The basic goal of inventory control is to \_\_\_\_\_.
- A. Make sure that an inventory is just the right size to meet performance needs, thus minimizing the cost.
  - B. Make sure the company has more than enough materials to perform all jobs.
  - C. Make sure enough supplies are on hand to satisfy customers.
  - D. Provide a written record of materials received and materials disbursed.
  - E. Provide a tracking system for purchases and sales.
- A GT Fa
272. Ordering a fixed number of items every time an inventory level falls to a predetermined point is called the \_\_\_\_\_.
- A. Inventory control number.
  - B. Quality control paradox.
  - C. Economic order quantity.
  - D. Break-even quantity.
  - E. Fixed quantity inventory.
- C KT Fa
273. Scheduling materials to arrive on a timely basis at a workstation or facility in order to reduce costs and improve workflow is known as \_\_\_\_\_.
- A. Management by objectives (MBO).
  - B. Just-in-time (JIT) scheduling.
  - C. Scheduling an economic order (SEO).
  - D. Efficient production planning (EPP).
  - E. Timely inventory control (TIC).
- B KT Fa
274. In the context of control systems, \_\_\_\_\_ involves checking processes, materials, products, and services to ensure that they meet high standards.
- A. Purchasing control.
  - B. Quality control.
  - C. Inventory control.
  - D. Management process control.
  - E. Progressive control.
- B KT Fa

275. \_\_\_\_\_ usually involves taking samples of work, measuring quality in the samples, and determining the acceptability of results.
- A. Just-in-time scheduling.
  - B. Work variation management.
  - C. Work sampling acceptability analysis.
  - D. Statistical quality control.
  - E. Break-even analysis.
- D      GT      Fa
276. Statistical quality control is the use of statistical techniques to \_\_\_\_\_.
- A. Determine appropriate debt levels.
  - B. Help make good investment decisions.
  - C. Improve profit margins.
  - D. All of the above.
  - E. None of the above.
- E      GT      Ap

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## Multiple Choice Questions

### CHAPTER INTRODUCTION

145. Today's highly competitive business environment places a premium on effective \_\_\_\_\_ and \_\_\_\_\_ as prerequisites for organizational success.
- A. Time management ... operations management.
  - B. Inventory control ... tactical management.
  - C. Strategy ... employee discipline.
  - D. Strategy ... strategic management.
  - E. Performance measurement ... strategic management.
- D GT Ap

### STRATEGIC COMPETITIVENESS (STUDY QUESTION 1)

146. When an organization has \_\_\_\_\_, it is operating with an attribute or combination of attributes that allows it to outperform its competitors.
- A. Competitive success.
  - B. Competitive effectiveness.
  - C. Competitive advantage.
  - D. Dominating competition.
  - E. Monopolistic behaviour.
- C KT Fa

147. \_\_\_\_\_ is one that is difficult for competitors to imitate.
- A. Superior performance capability.
  - B. Hypercompetitive success.
  - C. Sustainable competitive success.
  - D. Ongoing competitive effectiveness.
  - E. Sustainable competitive advantage.
- E GT Fa
148. Which of the following statements is NOT accurate?
- A. The ultimate goal of any organization is to simply achieve competitive advantage.
  - B. The ultimate goal of any organization is to achieve sustainable competitive advantage.
  - C. A sustainable competitive advantage is one that is difficult for competitors to imitate.
  - D. To gain sustainable competitive advantage, an organization must consistently deal with market and environmental forces better than its competitors.
  - E. The task of achieving a sustainable competitive advantage can be challenging in any setting.
- A GT Fa

### What Is Strategy?

149. A comprehensive plan of action that identifies long-term direction for an organization and guides resource utilization to accomplish an organization's goals with sustainable competitive advantage is known as the \_\_\_\_\_.
- A. Operating philosophy.
  - B. Strategy.
  - C. Planning objectives.
  - D. Operating objectives.
  - E. Official objectives.
- B KT Fa
150. \_\_\_\_\_ refers to an action focus that links an organization to its environment.
- A. Objective setting.
  - B. Ecological management.
  - C. Problem-solving.
  - D. Strategy.
  - E. Decision making.
- D GT Fa
151. \_\_\_\_\_ refers to an organization focusing its energies on a unifying and compelling target.
- A. Strategic intent.
  - B. The operational plan.
  - C. The functional plan.
  - D. Strategic thinking.
  - E. Managing with sound objectives.
- A KT Fa

152. A \_\_\_\_\_ is a plan for using resources consistent with \_\_\_\_\_.
- A. Strategy ... strategic intent.
  - B. Vision ... strategic intent.
  - C. Budget ... transformational leadership.
  - D. Strategy ... transformational leadership.
  - E. Strategy ... visionary leadership.
- A      GT      Fa
153. Customers and flexibility increasingly drive \_\_\_\_\_ in contemporary businesses.
- A. Objective setting.
  - B. Communications.
  - C. Problem solving.
  - D. Strategy.
  - E. Decision making.
- D      GT      Ap

**Strategic Management**

154. \_\_\_\_\_ refers to the process of formulating and implementing strategies to accomplish long-term goals and sustain competitive advantage.
- A. Strategic management.
  - B. Managerial planning.
  - C. Problem solving.
  - D. Portfolio planning.
  - E. Environmental scanning.
- A      KT      Fa
155. The essence of \_\_\_\_\_ is looking ahead, understanding the environment and the organization, effectively positioning the organization for competitive advantage in changing times, and then achieving it..
- A. Managerial planning.
  - B. Strategic management
  - C. Problem solving.
  - D. Portfolio planning.
  - E. Environmental scanning.
- B      GT      Fa

**Strategic Management Goals**

156. According to Harvard scholar Michael Porter, the ultimate goal for any business should be \_\_\_\_\_.
- A. Maximum wealth creation.
  - B. Maximum market share.
  - C. Superior profitability.
  - D. Industry domination.
  - E. Total customer satisfaction.
- C      GT      Fa

157. \_\_\_\_\_ are those returns that exceed what an investor could earn by investing in alternative opportunities of equivalent risk.
- A. Performance opportunity returns.
  - B. Above-average returns.
  - C. Excessive profits.
  - D. Equivalent risk payoffs.
  - E. Investor wealth returns.
- B      KT      Fa
158. A competitive environment in which there is only one player and no competition in the market is called a(n) \_\_\_\_\_.
- A. Domineering company.
  - B. Monopoly environment.
  - C. Hypercompetition company.
  - D. Oligopoly environment.
  - E. Dysfunctional environment.
- B      GT      Fa
159. Which one of the following statements does NOT provide an accurate description of the monopoly environment?
- A. It is an environment in which there is only one player and no competition.
  - B. It is an environment that creates absolute competitive advantage.
  - C. It is an environment that delivers sustainable and most likely excessive business profit.
  - D. Alternatives A and B provide accurate descriptions of the monopoly environment.
  - E. Alternatives A, B, and C provide accurate descriptions of the monopoly environment.
- E      GT      Fa
160. The \_\_\_\_\_ contains a few players who do not directly compete against one another.
- A. Anticompetitive environment.
  - B. Monopoly environment.
  - C. Hypercompetition environment.
  - D. Oligopoly environment.
  - E. Dysfunctional environment.
- D      GT      Fa
161. An oligopoly environment can be described as an environment \_\_\_\_\_.
- A. With few players who do not directly compete against one another.
  - B. That can sustain long-term competitive advantages within defined market segments.
  - C. That can reap excessive business profits in the absence of competition within defined market segments.
  - D. All of the above.
  - E. None of the above.
- D      GT      Fa

162. The environment in which there are at least several players who directly compete with one another is known as a(n) \_\_\_\_\_.
- A. Monopoly environment.
  - B. Hypercompetition environment.
  - C. Oligopoly environment.
  - D. Pure competitor environment.
  - E. Perfect competition environment.
- B GT Fa
163. The environment of hypercompetition is characterized by all of the following EXCEPT:
- A. Hypercompetition is fostered by a global economy.
  - B. Hypercompetition is direct and intense.
  - C. There are always winners and losers in hypercompetition.
  - D. Any competitive advantage that is realized in hypercompetition is relatively permanent.
  - E. Profits can be attractive but intermittent.
- D GT Fa

### THE STRATEGIC MANAGEMENT PROCESS (STUDY QUESTION 2)

164. The major responsibilities of the strategic management process include:
- A. Strategy formulation.
  - B. Strategy implementation.
  - C. Strategy design.
  - D. A and B.
  - E. B and C.
- D GT Fa
165. As part of the strategic management process, strategy formulation involves \_\_\_\_\_.
- A. Identifying and analyzing the existing mission, objectives, and strategies.
  - B. Analyzing the industry and external environment as well as organizational resources and capabilities.
  - C. Revising the mission and objectives and selecting new strategies.
  - D. All of the above.
  - E. None of the above.
- D GT Fa
166. As part of the strategic management process, strategy implementation involves \_\_\_\_\_.
- A. Corporate governance, management systems and practices, and strategic leadership.
  - B. Exercising strategic control.
  - C. Review of the strategic management process.
  - D. B and C.
  - E. A, B, and C.
- E GT Fa

167. \_\_\_\_\_ is the process of creating strategy by assessing existing strategies, the organization, and the environment in order to develop new strategies capable of delivering future competitive advantage.
- A. Strategy planning.
  - B. Strategy formulation.
  - C. Strategy development.
  - D. Strategy review.
  - E. Strategy analysis.
- B      KT      Fa
168. Peter Drucker indicates that managers should ask five questions in the process of formulating an organization's strategy. Which of the following is NOT one of these questions?
- A. What is our business mission?
  - B. Who are our customers?
  - C. What do our customers consider value?
  - D. Who are our competitors?
  - E. What have been our results?
- D      GT      Fa
169. \_\_\_\_\_ is the process of allocating resources and putting strategies into action.
- A. Mission implementation.
  - B. Action planning.
  - C. Strategy implementation.
  - D. Vision activation.
  - E. Managerial budgeting.
- C      KT      Fa
170. The \_\_\_\_\_ responsibility of strategic management requires decisions, imposes risks, demands allocation of resources, and requires work in order for the strategies to be effectively executed.
- A. Objective setting.
  - B. Core values assessment.
  - C. Environmental scanning.
  - D. Cultural determination.
  - E. Strategy implementation.
- E      GT      Fa
171. Important strategic management tasks include all of the following EXCEPT:
- A. Identifying organizational mission and objectives.
  - B. Assessing current performance in relation to mission and objectives.
  - C. Creating strategic plans to accomplish mission and objectives, and implementing those plans.
  - D. Evaluating the results, and changing strategic plans or implementation processes as necessary.
  - E. Providing visionary and inspirational leadership.
- E      MN      Fa

172. In evaluating the success of strategic management, certain crucial questions need to be asked and answered. Which of the following is NOT one of these crucial questions?
- A. What business are we in?
  - B. Where do we want to go?
  - C. How well did we do in the past?
  - D. How can we get where we really want to be?
  - E. Has everything been done that needs to be done?
- C MN Fa

***Analysis of Mission, Values, and Objectives***

173. The \_\_\_\_\_ begins with a careful assessment and clarification of organizational mission, values, and objectives.
- A. Organizational planning process.
  - B. Strategic management process.
  - C. Culture formation process.
  - D. Organizational design process.
  - E. Organizational change process.
- B GT Fa
174. \_\_\_\_\_ refer(s) to an organization's basic reason for existence in society.
- A. Core values.
  - B. Competitive advantage.
  - C. Strategic objectives.
  - D. Mission.
  - E. Strategic advantage.
- D KT Fa
175. The mission of an organization describes its \_\_\_\_\_
- A. Basic purpose.
  - B. Strategic edge.
  - C. Competitive advantage.
  - D. Environmental scanning.
  - E. Strategic advantage.
- A KT Fa
176. Michael Hammer recommends that an organization's mission statement should address certain questions, including which of the following?
- A. What are we moving to?
  - B. What is our dream?
  - C. What kind of difference do we want to make in the world?
  - D. All of the above.
  - E. None of the above.
- D GT Fa

177. A good mission statement should incorporate all of the following elements EXCEPT:
- A. The products/services the firm intends to provide.
  - B. The location in which the firm intends to operate.
  - C. The underlying corporate philosophy.
  - D. The customers the firm will serve.
  - E. The nature of the competitive environment.
- E GT Fa
178. \_\_\_\_\_ are individuals and groups who are directly affected by the organization and its strategic accomplishments.
- A. Lease holders.
  - B. Stakeholders.
  - C. Landlords.
  - D. Holding companies.
  - E. Integral alliances.
- B GT Fa
179. As part of the strategic planning process, a \_\_\_\_\_ is concerned with assessing the interests of each group of stakeholders as well as the organization's record in responding to them.
- A. Mission and domain analysis.
  - B. Corporate culture analysis.
  - C. Competitor analysis.
  - D. Strategic constituencies analysis.
  - E. Business portfolio planning analysis.
- D GT Fa
180. Organizational culture refers to \_\_\_\_\_.
- A. A culture in which corporations dominate other social institutions.
  - B. The predominant value system for an organization as a whole.
  - C. The process by which managerial values are transferred to society as a whole.
  - D. The value system of top management.
  - E. A term used by academicians to describe a capitalist society.
- B KT Fa
181. Which of the following statements accurately describe the benefits associated with strong core values?
- A. Strong core values give character to an organization.
  - B. Strong core values back up the mission statement.
  - C. Strong core values help guide members' behaviour in meaningful and consistent ways.
  - D. A and B.
  - E. A, B, and C..
- E GT Fa

182. Organizational culture accomplishes all of the following EXCEPT:  
A. It determines the strategy to be pursued.  
B. It shapes the values of managers and other organization members.  
C. It points people in common directions.  
D. It helps build institutional identity.  
E. It backs up the mission statement.  
A GT Fa
183. \_\_\_\_\_ direct activities toward key and specific performance results.  
A. Corporate objectives.  
B. Official objectives.  
C. Strategic objectives.  
D. Operating objectives.  
E. Planning objectives.  
D KT Fa
184. \_\_\_\_\_ are shorter-term targets against which actual performance results can be measured as indicators of progress and continuous improvement.  
A. Corporate objectives.  
B. Official objectives.  
C. Strategic objectives.  
D. Planning objectives.  
E. Operating objectives.  
E GT Fa
185. According to Peter Drucker, the common operating objectives for organizations might include all of the following EXCEPT:  
A. Producing at a net profit in business.  
B. Gaining and holding a specific share of a product market.  
C. Recruiting and maintaining a high-quality workforce.  
D. Acquiring financial capital and earning positive returns.  
E. Developing a strong culture to effectively mold employees' behaviour.  
E GT Fa
186. According to Peter Drucker, the common operating objectives for organizations might include all of the following EXCEPT:  
A. Using resources well to operate at low cost.  
B. Designing an adaptive organization.  
C. Producing high-quality goods or services.  
D. Developing new products and/or processes.  
E. Making a positive contribution to society.  
B GT Fa

*Analysis of Organizational Resources and Capabilities*

187. A(n) \_\_\_\_\_ involves an assessment of organizational strengths and weaknesses as well as environmental opportunities and threats.
- A. Organizational objectives analysis.
  - B. SWOT analysis.
  - C. Profitability analysis.
  - D. Efficiency analysis.
  - E. Managerial objectives analysis.
- B      KT      Fa
188. In evaluating the organizational resources and capabilities, a major goal is to identify the organization's \_\_\_\_\_.
- A. Core competencies.
  - B. Operating objectives.
  - C. Strategic objectives.
  - D. Important external stakeholders.
  - E. Potential investors.
- A      GT      Fa
189. \_\_\_\_\_ refer to special strengths that the organization has or things the organization does exceptionally well in comparison with competitors.
- A. Special capabilities.
  - B. Favorable organizational attributes.
  - C. Special characteristics.
  - D. Organizational strength factors.
  - E. Core competencies.
- E      KT      Fa
190. In conducting a SWOT analysis, the examination of organizational strengths should consider all of the following factors EXCEPT:
- A. Manufacturing bottlenecks.
  - B. A skilled workforce.
  - C. A good market share.
  - D. Strong financing.
  - E. A superior reputation
- A      GT      Fa
191. In conducting a SWOT analysis, the presence of manufacturing efficiencies, a skilled workforce, a good market share, strong financing, and a superior reputation would be identified as a company's \_\_\_\_\_.
- A. Strategies.
  - B. Strengths.
  - C. Weakness.
  - D. Opportunities.
  - E. Threats.
- B      GT      Fa

192. In doing a SWOT analysis, the examination of organizational weaknesses should consider all of the following factors EXCEPT:
- A. Outdated facilities.
  - B. Inadequate research and development
  - C. Obsolete technologies.
  - D. Weak management.
  - E. Past planning successes.
- E      GT      Fa
193. In conducting a SWOT analysis, issues regarding outdated facilities, inadequate research and development, obsolete technologies, weak management, and past planning failures would be addressed in analyzing the company's \_\_\_\_\_.
- A. Strategies.
  - B. Strengths.
  - C. Weaknesses.
  - D. Opportunities.
  - E. Threats.
- C      GT      Fa
194. Core competencies can be found in an organization's special strengths. Which of the following is NOT one of these special organizational strengths?
- A. Efficient manufacturing technologies.
  - B. Unique product distribution systems.
  - C. Favorable governmental regulations
  - D. Special knowledge or expertise.
  - E. Superior technologies.
- C      GT      Fa

#### ***Analysis of Industry and Environment***

195. Potential opportunities and threats can be identified in \_\_\_\_\_ and \_\_\_\_\_.
- A. The external organizational environment ... the internal organizational environment.
  - B. The internal SWOT analysis ... the external SWOT analysis.
  - C. The macro environment ... the industry environment.
  - D. The organization's strengths ... weaknesses.
  - E. The organization's mission ... culture.
- C      GT      Fa
196. In a SWOT analysis, macro environmental factors include developments in all of the following areas EXCEPT:
- A. Technology and government.
  - B. Social structures and population demographics.
  - C. Resource suppliers.
  - D. The global economy.
  - E. The natural environment.
- C      GT      Fa

197. In a SWOT analysis, industry environmental factors include the organization's \_\_\_\_\_.  
A. Resource suppliers.  
B. Competitors.  
C. Customers.  
D. All of the above.  
E. None of the above.  
D GT Fa
198. In conducting a SWOT analysis, the examination of opportunities within the industry and macro environments should consider all of the following factors EXCEPT:  
A. Possible new markets.  
B. Strong economy.  
C. Strong market rivals.  
D. Emerging technologies.  
E. Growth of existing market.  
C GT Fa
199. In conducting a SWOT analysis, a company's \_\_\_\_\_ can be examined by asking questions about possible new markets, the growth of existing markets, the emergence of new technologies, and the weaknesses of market rivals.  
A. Strategies.  
B. Strengths.  
C. Weakness.  
D. Opportunities.  
E. Threats.  
D GT Fa
200. In doing a SWOT analysis, the examination of threats within the industry and macro environments should address all of the following elements EXCEPT:  
A. New competitors.  
B. Abundance of resources.  
C. Changing market tastes.  
D. New regulations.  
E. Substitute products.  
B GT Fa
201. In conducting a SWOT analysis, a company's \_\_\_\_\_ should be assessed in terms of new competitors, possible resource shortages, changing market tastes, substitute products, and new regulations.  
A. Strategies.  
B. Strengths.  
C. Weakness.  
D. Opportunities.  
E. Threats.  
E GT Fa

202. Which of the following is NOT one of the five strategic forces that should be considered in conducting an industry analysis?
- A. Intensity of rivalry among firms in the industry.
  - B. Threats of new competitors entering the market.
  - C. Impact of developments in information technology.
  - D. Bargaining power of buyers.
  - E. Threats of substitute products or services.
- C      GT      Fa
203. From the perspective of Porter's five forces model, a(n) \_\_\_\_\_ is one in which intense rivalry already exists among competitors, there are substantial threats in terms of new competitors and substitute products, and suppliers and buyers are very powerful in bargaining over prices and quality.
- A. Attractive industry.
  - B. Unattractive industry.
  - C. Competitive industry.
  - D. Noncompetitive industry.
  - E. Normal industry.
- B      GT      Fa
204. From the perspective of Porter's five forces model, a(n) \_\_\_\_\_ is one with less intense competition, few threats from new entrants or substitutes, and low bargaining power among suppliers and buyers.
- A. Attractive industry.
  - B. Unattractive industry.
  - C. Competitive industry.
  - D. Noncompetitive industry.
  - E. Normal industry.
- A      GT      Fa

### STRATEGIES USED BY ORGANIZATIONS (STUDY QUESTION 3)

205. Functional strategy, business strategy, and corporate strategy should be integrated in a \_\_\_\_\_ to accomplish objectives and create sustainable competitive advantage.
- A. Supply chain fashion.
  - B. Means-end fashion.
  - C. MBO network.
  - D. Decision support system.
  - E. External control framework.
- B      GT      Fa

*Levels of Strategy*

206. Which of the following lists correctly identifies the different levels of strategy that can exist in a business?
- A. Corporate strategy, business strategy, and functional strategy.
  - B. Institutional strategy, corporate strategy, and business strategy.
  - C. Growth strategy, retrenchment strategy, and stability strategy.
  - D. Corporate strategy, divisional strategy, and work group strategy.
  - E. Top-level strategy, middle-level strategy, and lower-level strategy.
- A      GT      Fa
207. \_\_\_\_\_ directs the organization as a whole toward sustainable competitive advantage.
- A. Vision.
  - B. Corporate strategy.
  - C. Mission.
  - D. Business strategy.
  - E. Functional strategy.
- B      KT      Fa
208. \_\_\_\_\_ focuses on the strategic question: "In what industries and markets should we compete?"
- A. Environmental strategy.
  - B. Functional strategy.
  - C. Competitive strategy.
  - D. Business strategy.
  - E. Corporate strategy.
- E      GT      Fa
209. \_\_\_\_\_ sets direction and guides resource allocation for the entire enterprise.
- A. Environmental strategy.
  - B. Functional strategy.
  - C. Business strategy.
  - D. Corporate strategy.
  - E. Competitive strategy.
- D      GT      Fa
210. \_\_\_\_\_ describes the strategy for a single business unit or product line.
- A. Vision.
  - B. Corporate strategy.
  - C. Mission.
  - D. Business strategy.
  - E. Environmental strategy.
- D      KT      Fa

211. \_\_\_\_\_ describes strategic intent with respect to how a division or strategic business unit will compete in a specific industry or market.
- A. Vision.
  - B. Corporate strategy.
  - C. Mission.
  - D. Business strategy.
  - E. Environmental strategy.
- D      GT      Fa
212. A \_\_\_\_\_ describes a major business that operates with some autonomy within a larger enterprise.
- A. Strategic alliance.
  - B. Self-managing business.
  - C. Strategic business unit.
  - D. Leadership business unit.
  - E. Structural business partnership.
- C      KT      Fa
213. \_\_\_\_\_ addresses the question: "How are we going to compete for customers within this industry and market?"
- A. Environmental strategy.
  - B. Functional strategy.
  - C. Operating strategy.
  - D. Business strategy.
  - E. Corporate strategy.
- D      GT      Fa
214. \_\_\_\_\_ guides the use of resources to implement business strategy.
- A. Competitive strategy.
  - B. Corporate strategy.
  - C. Objective formulation
  - D. Business strategy.
  - E. Functional strategy.
- E      KT      Fa
215. \_\_\_\_\_ focuses on activities within a specific area of operations such as marketing, manufacturing, finance, and human resources.
- A. Environmental strategy.
  - B. Operating strategy.
  - C. Functional strategy.
  - D. Business strategy.
  - E. Corporate strategy.
- C      KT      Fa

216. \_\_\_\_\_ answers the question: “How can we best utilize resources to implement our business strategy?”
- A. Environmental strategy.
  - B. Functional strategy.
  - C. Operating strategy.
  - D. Business strategy.
  - E. Corporate strategy.
- B      KT      Fa

### ***Growth and Diversification Strategies***

217. \_\_\_\_\_ strategies pursue an increase in size and the expansion of current operations.
- A. Growth.
  - B. Retrenchment.
  - C. Stability.
  - D. Combination.
  - E. Operational.
- A      KT      Fa
218. A \_\_\_\_\_ strategy involves growth through expansion within the same business area.
- A. Concentration.
  - B. Diversification.
  - C. Related diversification.
  - D. Unrelated diversification.
  - E. Vertical integration.
- A      KT      Fa
219. A \_\_\_\_\_ strategy involves growth through the acquisition of or investment in new and sometimes different business areas.
- A. Concentration.
  - B. Diversification.
  - C. Related diversification.
  - D. Unrelated diversification.
  - E. Vertical integration.
- B      KT      Fa
220. \_\_\_\_\_ involves growth by acquiring new businesses or entering business areas that are related to what the organization already does.
- A. Concentration.
  - B. Related diversification.
  - C. Unrelated diversification.
  - D. Forward integration.
  - E. Vertical integration.
- B      GT      Fa

221. \_\_\_\_\_ involves growth by acquiring new businesses or entering business areas that are different from what the organization already does.  
 A. Concentration.  
 B. Related diversification.  
 C. Unrelated diversification.  
 D. Backward integration.  
 E. Vertical integration.  
 C GT Fa
222. Diversification through \_\_\_\_\_ occurs where a business acquires suppliers or distributors.  
 A. Concentration.  
 B. Related diversification.  
 C. Unrelated diversification.  
 D. Divestiture.  
 E. Vertical integration.  
 E KT Fa
223. \_\_\_\_\_ occurs when business acquires suppliers.  
 A. Backward integration.  
 B. Inside-out integration.  
 C. Forward integration.  
 D. Outside-in integration.  
 E. Horizontal integration.  
 A GT Fa
224. \_\_\_\_\_ occurs when business acquires distributors.  
 A. Backward integration.  
 B. Inside-out integration.  
 C. Forward integration.  
 D. Outside-in integration.  
 E. Horizontal integration.  
 C GT Fa
225. Which of the following statements about growth and diversification strategies is/are accurate?  
 A. The pursuit of any organizational growth strategy is a clear and powerful indicator that the organization is effective.  
 B. Any growth strategy must be well planned and well managed to achieve the desired results.  
 C. Diversification brings the difficulties of complexity and the need to manage and integrate very dissimilar operations.  
 D. A and C.  
 E. B and C.  
 E GT Ap

### ***Restructuring and Divestiture Strategies***

226. A \_\_\_\_\_ seeks to correct weaknesses by making changes to the current ways of operating.  
 A. Retrenchment strategy.  
 B. Related diversification strategy.  
 C. Unrelated diversification strategy.  
 D. Backward integration strategy.  
 E. Forward integration strategy.  
 A KT Fa

227. Liquidation, restructuring, downsizing, rightsizing, and divestiture are examples of which organizational strategy?
- A. Competition.
  - B. Cooperation.
  - C. Growth.
  - D. Retrenchment.
  - E. Stability.
- D      GT      Fa
228. Which description of retrenchment is incorrect?
- A. Liquidation is the most extreme form of retrenchment.
  - B. Restructuring is a less extreme form of retrenchment.
  - C. Backward integration involves implementing changes in the scale and/or mix of operations in order to gain efficiency and improve performance.
  - D. Restructuring is sometimes accomplished through downsizing.
  - E. Restructuring by divestiture involves selling off parts of the organization to refocus on core competencies, cut costs, and improve operating efficiency.
- C      GT      Fa
229. \_\_\_\_\_ involves closing operations and selling assets to pay creditors.
- A. Strategic alliances.
  - B. Divestiture.
  - C. Turnaround.
  - D. Diversification.
  - E. Liquidation.
- E      GT      Fa
230. A \_\_\_\_\_ is used where changes in the scale and/or mix of operations are implemented in order to gain both short-term efficiencies and time to prepare new strategies for improving future performance.
- A. Restructuring strategy.
  - B. Related diversification strategy.
  - C. Unrelated diversification strategy.
  - D. Backward integration strategy.
  - E. Forward integration strategy.
- A      KT      Fa
231. \_\_\_\_\_ is a retrenchment strategy that decreases the size of operations in order to reduce costs and improve operating efficiency.
- A. Liquidation.
  - B. Turnaround.
  - C. Diversification.
  - D. Concentration.
  - E. Downsizing.
- E      KT      Fa

232. \_\_\_\_\_ involves selling off parts of an organization to refocus on core competencies, cut costs, and improve operating efficiencies.
- A. Diversification.
  - B. Concentration.
  - C. Divestiture.
  - D. Turnaround.
  - E. Liquidation.
- C      KT      Fa

### **Global Strategies**

233. A(n) \_\_\_\_\_ views the world as one large market, trying as much as possible to standardize products and their advertising for use everywhere.
- A. Globalization strategy.
  - B. Antidomestic strategy.
  - C. Multidomestic strategy.
  - D. Transnational strategy.
  - E. Crosscultural strategy.
- A      KT      Fa
234. A globalization strategy reflects a(n) \_\_\_\_\_ that assumes everyone everywhere wants the same thing that one has developed and sold successfully at home.
- A. Mesocentric view.
  - B. Ethnocentric view.
  - C. Polycentric view.
  - D. Geocentric view.
  - E. Concentric view.
- B      GT      Fa
235. A(n) \_\_\_\_\_ tries to customize products and their advertising as much as possible to fit the local needs of different countries or regions.
- A. Globalization strategy.
  - B. Antidomestic strategy.
  - C. Multidomestic strategy.
  - D. Transnational strategy.
  - E. Crosscultural strategy.
- C      KT      Fa
236. A multidomestic strategy reflects a(n) \_\_\_\_\_ that that shows respect for both market diversity and the capabilities of locals to best interpret their strategic implications.
- A. Mesocentric view.
  - B. Ethnocentric view.
  - C. Polycentric view.
  - D. Geocentric view.
  - E. Concentric view.
- C      GT      Fa

237. A(n) \_\_\_\_\_ seeks balance among efficiencies in global operations and responsiveness to local markets.
- A. Globalization strategy.
  - B. Antidomestic strategy.
  - C. Multidomestic strategy.
  - D. Transnational strategy.
  - E. Crosscultural strategy.
- D      KT      Fa
238. A transnational strategy reflects a(n) \_\_\_\_\_ that respects diversity and values talents around the world.
- A. Mesocentric view.
  - B. Ethnocentric view.
  - C. Polycentric view.
  - D. Geocentric view.
  - E. Concentric view.
- D      GT      Fa

### Cooperative Strategies

239. \_\_\_\_\_ occur(s) when two or more organizations join together in partnership to pursue an area of mutual interest.
- A. Vertical integration.
  - B. Horizontal integration.
  - C. Strategic alliances.
  - D. Strategic contracts.
  - E. Organizational collusion.
- C      KT      Fa
240. A strategic alliance that involves a firm contracting to purchase important services from another organization is known as a(n) \_\_\_\_\_.
- A. Political alliance.
  - B. Entrepreneurial alliance.
  - C. Outsourcing alliance.
  - D. Supplier alliance.
  - E. Distribution alliance.
- C      GT      Fa
241. A strategic alliance that involves the development of preferred supplier relationships to guarantee a smooth and timely flow of quality materials among partners is known as a(n) \_\_\_\_\_.
- A. Political alliance.
  - B. Entrepreneurial alliance.
  - C. Outsourcing alliance.
  - D. Supplier alliance.
  - E. Distribution alliance.
- D      GT      Fa

242. A strategic alliance that involves firms joining together for sales and distribution of products or services is known as a(n) \_\_\_\_\_.
- A. Political alliance.
  - B. Entrepreneurial alliance.
  - C. Outsourcing alliance.
  - D. Supplier alliance.
  - E. Distribution alliance.
- E GT Fa

### ***E-Business Strategies***

243. A(n) \_\_\_\_\_ is the strategic use of the Internet to gain competitive advantage.
- A. Growth strategy.
  - B. Focused differentiation strategy.
  - C. E-business strategy.
  - D. Incrementalism strategy.
  - E. Emergent strategy.
- C KT Fa
244. \_\_\_\_\_ involve the use of information technology and Web portals to vertically link organizations with members of their supply chains.
- A. B2B strategies.
  - B. B2C strategies.
  - C. O2C strategies.
  - D. O2M strategies.
  - E. O2B strategies.
- A GT Fa
245. \_\_\_\_\_ use information technology and Web portals to link organizations with their customers.
- A. B2B strategies.
  - B. B2C strategies.
  - C. O2C strategies.
  - D. O2M strategies.
  - E. O2B strategies.
- B GT Fa
246. The \_\_\_\_\_ is a Web-based business model that brings buyers and sellers together to make transactions.
- A. Brokerage model.
  - B. Advertising model.
  - C. Merchant model.
  - D. Subscription model.
  - E. Infomediary model.
- A MN Fa

247. The \_\_\_\_\_ is a Web-based business model that provides information or services while generating revenue from advertising.
- A. Advertising model.
  - B. Merchant model.
  - C. Subscription model.
  - D. Infomediary model.
  - E. Community model.
- A MN Fa
248. The \_\_\_\_\_ is a Web-based business model that sells products wholesale and retail through the Web.
- A. Brokerage model.
  - B. Advertising model.
  - C. Merchant model.
  - D. Subscription model.
  - E. Infomediary model.
- C MN Fa
249. The \_\_\_\_\_ is a Web-based business model that sells access to the site through subscription.
- A. Advertising model.
  - B. Merchant model.
  - C. Subscription model.
  - D. Infomediary model.
  - E. Community model.
- C MN Fa
250. The \_\_\_\_\_ is a Web-based business model that collects information on users and sells it to other businesses.
- A. Brokerage model.
  - B. Advertising model.
  - C. Merchant model.
  - D. Subscription model.
  - E. Infomediary model.
- E MN Fa
251. The \_\_\_\_\_ is a Web-based business model that supports the site through donations from a community of users.
- A. Advertising model.
  - B. Merchant model.
  - C. Subscription model.
  - D. Infomediary model.
  - E. Community model.
- E MN Fa

**STRATEGY FORMULATION (STUDY QUESTION 4)**

252. According to the text, the major opportunities for developing competitive advantage have traditionally included all of the following EXCEPT:
- A. Cost and quality.
  - B. Knowledge and timing.
  - C. Barriers to entry.
  - D. Financial resources.
  - E. Social progress.
- E GT Fa
253. Which of the following situational descriptions does NOT describe one of the four major opportunities for developing sustainable competitive advantage that are identified in the text?
- A. Sustainable competitive advantage occurs where strategy drives an emphasis on operating and/or product or service quality.
  - B. Sustainable competitive advantage occurs where strategy drives an emphasis on innovation and speed of delivery to market for new ideas.
  - C. Sustainable competitive advantage occurs where strategy drives an emphasis on securing high quality human resources.
  - D. Sustainable competitive advantage occurs where strategy drives an emphasis on creating a market stronghold that is protected from entry by others.
  - E. Sustainable competitive advantage occurs where strategy drives an emphasis on investments and/or loss sustainment that competitors can't match.
- C GT Fa
254. Any competitive advantage that is gained in the contemporary global economy of intense competition must be considered to be \_\_\_\_\_
- A. Temporary.
  - B. Permanent.
  - C. Frightening.
  - D. A and B.
  - E. B and C.
- A GT Fa

**Porter's Generic Strategies**

255. Which one of the following statements does NOT accurately describe an aspect of Michael Porter's generic strategies model?
- A. Market scope measures the breadth or narrowness of the target market.
  - B. Source of competitive advantage reflects whether the advantage is sought through lower price or product uniqueness.
  - C. The market scope and source of competitive advantage variables combine to generate four generic strategies that a organization can pursue in seeking to gain a strategic advantage
  - D. Porter's generic strategies include stars, cash cows, dogs, and question marks.
  - E. Porter's generic strategies focus on business-level strategy formulation.
- D GT Fa

256. Michael Porter's generic strategies model identifies four fundamental strategies. Which of the following correctly describes these strategies?
- A. Introduction, growth, maturity, and decline.
  - B. Stars, cash cows, dogs, and question marks.
  - C. Growth, differentiation, incremental, and emergent.
  - D. Differentiation, cost leadership, focused differentiation, and focused cost leadership.
  - E. Growth, retrenchment, vertical integration, and stability.
- D      GT      Fa
257. Businesses pursuing a \_\_\_\_\_ seek a competitive advantage by directing the organization's resources and attention toward distinguishing its products from those of the competition.
- A. Differentiation strategy.
  - B. Cost leadership strategy.
  - C. Focused differentiation strategy.
  - D. Focused cost leadership strategy.
  - E. Emergent strategy.
- A      KT      Fa
258. Businesses pursuing a \_\_\_\_\_ seek a competitive advantage by directing the organization's resources and attention toward minimizing costs to operate more efficiently than the competition.
- A. Differentiation strategy.
  - B. Cost leadership strategy.
  - C. Focused differentiation strategy.
  - D. Focused cost leadership strategy.
  - E. Emergent strategy.
- B      KT      Fa
259. Businesses pursuing a \_\_\_\_\_ seek a competitive advantage by concentrating on one special market segment and trying to offer customers in that segment a unique product.
- A. Differentiation strategy.
  - B. Cost leadership strategy.
  - C. Focused differentiation strategy.
  - D. Focused cost leadership strategy.
  - E. Emergent strategy.
- C      KT      Fa
260. Businesses pursuing a \_\_\_\_\_ seek a competitive advantage by concentrating on one special market segment and trying to be the lowest cost provider in that segment.
- A. Differentiation strategy.
  - B. Cost leadership strategy.
  - C. Focused differentiation strategy.
  - D. Focused cost leadership strategy.
  - E. Emergent strategy.
- D      KT      Fa

261. The objective of the \_\_\_\_\_ is to attract customers who become loyal to the organization's products and lose interest in those of competitors.
- A. Cash cow.
  - B. Differentiation strategy.
  - C. Cost leadership strategy.
  - D. Focus strategy.
  - E. Star strategy.
- B      KT      Fa
262. The objective of the \_\_\_\_\_ is to continuously improve the operating efficiencies of production, distribution, and other organizational systems.
- A. Emergent strategy
  - B. Differentiation strategy.
  - C. Cost leadership strategy.
  - D. Focus strategy.
  - E. Star strategy.
- C      KT      Fa
263. The objective of the \_\_\_\_\_ is to focus organizational resources and expertise on a particular customer group, geographical region, or product or service line.
- A. Cash cow.
  - B. Differentiation strategy.
  - C. Cost leadership strategy.
  - D. Focus strategy.
  - E. Incremental strategy.
- D      KT      Fa

### **Portfolio Planning**

264. The \_\_\_\_\_ approach seeks the best mix of investments of scarce resources among competing business opportunities.
- A. Emergent strategies.
  - B. Portfolio planning.
  - C. Adaptive strategies
  - D. Prospector approach.
  - E. Differentiation.
- B      KT      Fa
265. The BCG portfolio planning model uses an analysis of \_\_\_\_\_ and \_\_\_\_\_ to analyze business opportunities.
- A. Investment alternatives ... rates of return.
  - B. Product alternatives ... forecasted profitability.
  - C. Market growth rate ... costs of operation.
  - D. Market growth rate ... market share.
  - E. Market share ... customer needs.
- D      GT      Fa

266. In the BCG matrix, a “star” refers to an organization or subunit that has \_\_\_\_\_.
- A. A low market share in a high-growth market.
  - B. A low market share in a low-growth market.
  - C. A moderate market share in a moderate-growth market.
  - D. A high market share in a high-growth market.
  - E. A high market share in a low-growth market.
- D      GT      Fa
267. A “cash cow,” as the term is used by the Boston Consulting Group, refers to an organization or subunit that has \_\_\_\_\_.
- A. A low market share in a high-growth market.
  - B. A low market share in a low-growth market.
  - C. A moderate market share in a moderate-growth market.
  - D. A high market share in a high-growth market.
  - E. A high market share in a low-growth market.
- E      GT      Fa
268. According to the BCG matrix, a “question mark” refers to an organization or subunit that has \_\_\_\_\_.
- A. A low market share in a high-growth market.
  - B. A low market share in a low-growth market.
  - C. A moderate market share in a moderate-growth market.
  - D. A high market share in a high-growth market.
  - E. A high market share in a low-growth market.
- A      GT      Fa
269. In the terminology of the Boston Consulting Group, a “dog” refers to an organization or subunit that has \_\_\_\_\_.
- A. A low market share in a high-growth market.
  - B. A low market share in a low-growth market.
  - C. A moderate market share in a moderate-growth market.
  - D. A high market share in a high-growth market.
  - E. A high market share in a low-growth market.
- B      GT      Fa
270. Which of the following accurately describes the preferred strategy for the Boston Consulting Group’s business opportunities?
- A. The preferred strategy for stars is growth through resource investment.
  - B. The preferred strategy for dogs is retrenchment by divestiture.
  - C. The preferred strategy for promising questions marks is growth, while the preferred strategy for less promising question marks is restructuring or divestiture.
  - D. All of the above.
  - E. None of the above.
- D      GT      Ap

**Adaptive Strategies**

271. The Miles and Snow's adaptive model emphasizes that organizations should pursue strategies that \_\_\_\_\_.
- A. Consider the organization's market share and growth position.
  - B. Are congruent with the nature of their external environments.
  - C. Minimize the strengths and weaknesses of the organization.
  - D. Allow an organization to make decisions incrementally.
  - E. Give the organization cost leadership or product/service differentiation.
- B      GT      Fa
272. An organization is following a(n) \_\_\_\_\_ strategy when it pursues innovation and new opportunities in the face of risk and with prospects for growth.
- A. Prospector.
  - B. Analyzer.
  - C. Reactor.
  - D. Defender.
  - E. Turnaround.
- A      GT      Fa
273. An organization is following a(n) \_\_\_\_\_ strategy when it tries to protect current market share by emphasizing existing products and without seeking growth.
- A. Prospector.
  - B. Analyzer.
  - C. Focus.
  - D. Defender.
  - E. Turnaround.
- D      GT      Fa
274. An organization is following a(n) \_\_\_\_\_ strategy when it seeks to maintain stability of a core business while exploring selective opportunities for innovation and change.
- A. Prospector.
  - B. Analyzer.
  - C. Reactor.
  - D. Defender.
  - E. Turnaround.
- B      GT      Fa
275. An organization is following a(n) \_\_\_\_\_ strategy when it simply responds to competitive pressures in order to survive.
- A. Prospector.
  - B. Analyzer.
  - C. Focus.
  - D. Defender.
  - E. Reactor.
- E      GT      Fa

**Incrementalism and Emergent Strategy**

276. \_\_\_\_\_ is the view that strategies take shape, change, and develop over time as modest adjustments to past patterns.
- A. Portfolio management.
  - B. Incrementalism.
  - C. The BCG matrix.
  - D. Strategic planning.
  - E. Suboptimization.
- B      GT      Fa
277. Which of the following statements regarding incrementalism is/are accurate?
- A. Modest and incremental changes in strategy occur as managers learn from experience and make adjustments.
  - B. Managers act within complex interpersonal networks and in hectic, fast-paced work settings.
  - C. Effective managers must have the capacity to stay focused on long-term objectives while still remaining flexible enough to master short-run problems and opportunities as they occur.
  - D. B and C.
  - E. A, B, and C.
- E      GT      Ap
278. \_\_\_\_\_ develop(s) progressively over time as managers make “streams” of decisions while they learn from and respond to work situations.
- A. Strategic opportunism.
  - B. Incrementalism.
  - C. Emergent strategies.
  - D. Incremental strategies.
  - E. The managerial learning curve.
- C      KT      Fa

**STRATEGY IMPLEMENTATION (STUDY QUESTION 5)**

279. Current issues in the proper implementation of strategy include \_\_\_\_\_.
- A. Excellence in all management systems and practices.
  - B. The importance of strategic leadership.
  - C. The responsibilities of corporate governance.
  - D. All of the above.
  - E. None of the above.
- D      GT      Fa

**Management Practices and Systems**

280. Successful strategies share several essential features. Which of the following is NOT one of these essential features?
- A. Every successful strategy requires the entire organization and all of its resources to be mobilized in support of the strategies.
  - B. Every successful strategy requires supporting structures, well-designed tasks and workflows, and the right people.
  - C. Every successful strategy requires leaders who can energize people and build performance commitments.
  - D. Every successful strategy requires leaders who can use teams and teamwork to the best advantage.
  - E. Every successful strategy requires leaders who are willing to take extraordinary risks on behalf of the organization.
- E GT Fa
281. Paying inadequate attention to the analysis of mission and purpose, core values and corporate culture, organizational strengths and weaknesses, and environmental opportunities and threats constitutes a strategic planning pitfall known as \_\_\_\_\_.
- A. Failures of substance.
  - B. Failures of process.
  - C. Failures of management foresight.
  - D. Failures of corporate governance.
  - E. Failures of strategic leadership.
- A GT Fa
282. Poor handling of the ways in which various aspects of strategic planning are accomplished constitute a strategic planning pitfall known as \_\_\_\_\_.
- A. Failures of substance.
  - B. Failures of process.
  - C. Failures of management foresight.
  - D. Failures of corporate governance.
  - E. Failures of strategic leadership.
- B GT Fa
283. Failures of process in strategic planning include \_\_\_\_\_.
- A. The lack of participation error.
  - B. Inadequate resource allocation.
  - C. Goal displacement.
  - D. Alternatives A and B.
  - E. Alternatives A and C.
- E GT Fa

284. \_\_\_\_\_ is the failure to include key persons in the strategic planning effort.
- A. Corporate governance.
  - B. Goal displacement.
  - C. The lack of participation error.
  - D. The lack of substance error.
  - E. Immature organizational politics.
- C      GT      Fa
285. The tendency to get so bogged down in details that the planning process becomes an end in itself instead of a means to an end is known as \_\_\_\_\_.
- A. Corporate governance.
  - B. Goal displacement.
  - C. Lack of participation error.
  - D. Lack of substance error.
  - E. Immature organizational politics.
- B      GT      Fa

### Corporate Governance

286. \_\_\_\_\_ is the system of control and performance monitoring of top management that is maintained by boards of directors and other major stakeholder representatives.
- A. Corporate governance.
  - B. Stakeholder oversight.
  - C. Top management oversight.
  - D. Corporate performance auditing.
  - E. Corporate performance review.
- A      KT      Fa
287. \_\_\_\_\_ are formally charged with ensuring that an organization operates in the best interests of its owners and/or the representative public.
- A. Strategic leaders.
  - B. Boards of directors.
  - C. Executive teams.
  - D. Investment advisers.
  - E. Management committees.
- B      GT      Fa
288. In corporate governance, controversies often arise over the roles of \_\_\_\_\_ and \_\_\_\_\_.
- A. Managers ... non-management employees.
  - B. Internal customers ... external customers.
  - C. Inside directors ... outside directors.
  - D. Customers ... suppliers.
  - E. Stakeholders ... stockholders.
- C      GT      Fa

289. Which of the following statements about corporate governance is incorrect?
- A. Boards may be too compliant in endorsing or confirming the strategic initiatives of top management.
  - B. Board members are increasingly expected to exercise control and take active roles in ensuring that strategic management of an enterprise is successful.
  - C. Outside directors may be selected because they are friends of top management or at least are sympathetic to top management.
  - D. Top management probably feels more performance accountability to boards of directors and other stakeholders in today's environment.
  - E. Top management performance accountability to a board of directors relates only to financial concerns.
- E      GT      Fa

### **Strategic Leadership**

290. \_\_\_\_\_ refers to a leader's capability to inspire people to successfully engage in a process of continuous change, refinement, and implementation of organizational strategies.
- A. Change leadership.
  - B. Strategic leadership.
  - C. Visionary leadership.
  - D. Transactional leadership.
  - E. Transformational leadership.
- B      KT      Fa
291. Which of the following is NOT one of the critical tasks of strategic leadership?
- A. Being a guardian of tradeoffs by ensuring that the organization's resources are allocated in ways consistent with the strategy.
  - B. Creating a sense of urgency by not allowing the organization and its members to grow slow and complacent.
  - C. Ensuring that top management understands the strategy so that they can direct their subordinates in carrying it out.
  - D. Being a teacher by conveying the strategy and making it a cause.
  - E. Being a great communicator to ensure that everyone understands the strategy and how it makes their organization different from others.
- C      GT      Fa
292. Because the challenges faced by contemporary organizations are so complex, strategic management is increasingly viewed as \_\_\_\_\_.
- A. A professional planner's responsibility,
  - B. A team leadership responsibility.
  - C. The chief executive officer's only responsibility.
  - D. The board chairperson's responsibility.
  - E. Every middle manager's most important responsibility.
- B      GT      Fa

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## Multiple Choice Questions

### CHAPTER INTRODUCTION

132. Which of the following statements accurately describe the use of organization structures in the contemporary business environment?
- A. Some organizations follow traditional structural patterns.
  - B. Some organizations follow nontraditional structural patterns that emphasize teams and networks.
  - C. Organizations in high tech industries try new organizational structures whereas companies in both light and heavy manufacturing stick with traditional structures.
  - D. A and B.
  - E. A and C.
- D      GT      Ap
133. Organizations that consistently deliver above-average returns and outperform their competitors have structures that reflect all of the following characteristics EXCEPT:
- A. They emphasize empowerment and support employees.
  - B. They are responsive to client or customer needs.
  - C. They stay flexible in dealing with a dynamic environment.
  - D. They emulate their competition.
  - E. They give continual attention to quality improvements.
- D      GT      Ap

### ORGANIZING AS A MANAGEMENT FUNCTION (STUDY QUESTION 1)

134. \_\_\_\_\_ is the process of arranging people and other resources to work together to accomplish a goal.
- A. Planning.
  - B. Organizing
  - C. Controlling.
  - D. Leading.
  - E. Strategizing.
- B      KT      Fa
135. When a manager divides work up into manageable components, arranges resources, and coordinates results to achieve a common purpose, the manager is practicing \_\_\_\_\_.
- A. Leadership.
  - B. Organizing.
  - C. Strategic planning.
  - D. Forecasting.
  - E. Setting objectives.
- B      GT      Fa

136. Given a clear mission, core values, objectives and strategy, \_\_\_\_\_ begins the process of implementation by clarifying jobs and working relationships.
- A. Planning.
  - B. Controlling.
  - C. Organizing.
  - D. Coordinating.
  - E. Leading.
- C      GT      Fa
137. Which management function clarifies who is responsible for what, identifies the person in charge, and determines how different people relate to and work with one another?
- A. Planning.
  - B. Coordinating.
  - C. Controlling.
  - D. Organizing.
  - E. Leading.
- D      GT      Fa
138. In the management process of organizing, the strategic leadership challenge is to \_\_\_\_\_.
- A. Choose the best organizational form to fit the strategy and other situational demands.
  - B. Choose strategy to best fit the established organizational form.
  - C. Choose the strategy and organizational form that are easiest to implement.
  - D. Choose the organizational form that adapts the strategy to the demands of the situation.
  - E. Choose the organizational form that employees will like the best.
- A      GT      Fa

***What Is Organization Structure?***

139. Organization structure refers to the system of \_\_\_\_\_ that link together the work of diverse individuals and groups.
- A. Tasks and workflows.
  - B. Reporting relationships.
  - C. Communication channels.
  - D. All of the above.
  - E. None of the above.
- D      KT      Fa
140. \_\_\_\_\_ is the system of tasks, workflows, reporting relationships, and communication channels that link together the work of diverse individuals and groups.
- A. Job design.
  - B. Management.
  - C. Organization structure.
  - D. Strategy.
  - E. A work plan.
- C      KT      Fa

141. Any organization structure should \_\_\_\_\_ and \_\_\_\_\_.
- A. Allocate task assignments through a division of labour ... provide for the coordination of performance results.
  - B. Allocate task assignments through a division of labour ... provide for the creation of a horizontal organization.
  - C. Allocate organizational resources to important departments ... provide for the oversight of less important departments.
  - D. Assign good leaders to the effective work teams ... assign poorer leaders to marginally effective work teams.
  - E. Assign organizational objectives to divisions, departments, and work teams ... provide for the coordination of performance results.
- A      GT      Fa
142. Which of the following is the most accurate description regarding the purpose of an organization structure?
- A. To divide up and coordinate resources and tasks to be done for performance success.
  - B. To identify relationships between suppliers and company buyers.
  - C. To design titles for different types of workers.
  - D. To allocate management authority to department heads.
  - E. To assign daily work tasks to workers.
- A      GT      Fa

### **Formal Structures**

143. \_\_\_\_\_ is a diagram that shows reporting relationships and the formal arrangement of work positions within an organization.
- A. A flow chart.
  - B. A PERT diagram.
  - C. An organization chart.
  - D. An input/output diagram.
  - E. A structural diagram.
- C      KT      Fa
144. Positions and job titles, lines of authority, and formal communication channels are often demonstrated for a company by drawing a special diagram. This diagram is called \_\_\_\_\_.
- A. A flow chart.
  - B. A PERT diagram.
  - C. An organization chart.
  - D. An input/output diagram.
  - E. A structural diagram.
- C      GT      Fa

145. Which of the following pieces of information cannot be determined from an organization chart?
- A. Formal communication channels.
  - B. Type of work performed.
  - C. Division of work.
  - D. Levels of management.
  - E. Informal decision-making coalitions.
- E      GT      Ap
146. The structure of an organization in its official state is called the organization's \_\_\_\_\_.
- A. Informal structure.
  - B. Formal structure.
  - C. Hierarchy or authority.
  - D. Levels of management.
  - E. Channel outline.
- B      KT      Fa
147. The \_\_\_\_\_ of the organization represents the way the organization is intended to function in terms of division of work, supervisory relationships, communication channels, major subunits, and levels of management.
- A. Informal structure.
  - B. Hierarchy or authority.
  - C. Management chart.
  - D. Channel outline.
  - E. Formal structure.
- E      GT      Fa

### ***Informal Structures***

148. The \_\_\_\_\_ is a "shadow" organization made up of the unofficial, but often critical, working relationships between organizational members.
- A. Formal structure.
  - B. Organizational chart.
  - C. Informal structure.
  - D. Adaptive organizational structure.
  - E. Horizontal organizational structure.
- C      KT      Fa
149. Informal structure and formal structure are useful terms to distinguish between \_\_\_\_\_.
- A. The way work actually gets done and the way it is mapped on the organization chart.
  - B. Relationships in the shadow organization and relationships on the organization chart.
  - C. Unofficial and official working relationships and communications patterns.
  - D. All of the above.
  - E. None of the above.
- D      GT      Ap

150. Bill, a recent MBA graduate in the field of accounting, is the finance manager of ABC Company. Bill has a problem with a shadow organization in his division. One sensible first step in Bill's management strategy might be \_\_\_\_\_.
- Meeting with his employees to let them know he is the boss.
  - Promising bonuses only to those employees who agree with him and work with him.
  - Seeking to understand and work with the shadow organization.
  - Firing the people who are members of the shadow organization.
  - Assuming his staff is trying to undermine him and act accordingly.
- C GT Ap
151. The following five examples describe different types of relationships between employees in XYZ Company. Which set of relationships indicates the existence of a shadow organization?
- Department managers report directly to the vice presidents in charge of their division.
  - An employee asks questions of an immediate supervisor, gets answers, and works closely with this person.
  - In one department, superior-subordinate relationships are strained. Subordinates take direction from the manager of another department.
  - Members of a word processing pool provide secretarial services for all divisions on a first come, first served basis.
  - The company president delegates authority to division managers, division managers delegate authority to department managers, and department managers delegate authority to support staff.
- C GT Ap
152. Which of these statements is NOT correct about informal structures?
- They can help organization members accomplish their work.
  - They help people overcome limits to the formal structure.
  - They allow people to support one another.
  - They can help satisfy important social needs of people.
  - They always work against the achievement of high productivity.
- E GT Fa
153. The process of learning that occurs as people work and interact together throughout the workday is called \_\_\_\_\_ learning.
- Casual.
  - Informal.
  - Interactive.
  - Formal.
  - Social.
- B GT Fa
154. Which statement about an informal structure in an organization is FALSE?
- An informal structure can breed resistance to change.
  - Informal structures can be susceptible to rumors.
  - Informal structures overcome gaps in formal structures.
  - Informal structures satisfy social needs.
  - Informal structures always serve the best interests of the organization.
- E GT Fa

### TRADITIONAL ORGANIZATION STRUCTURES (STUDY QUESTION 2)

155. The process of making decisions on how to group work positions into formal teams that are linked together so they operate in a coordinated manner within the larger organization is called \_\_\_\_\_.
- A. Organizing.
  - B. Restructuring.
  - C. Departmentalization.
  - D. Differentiation.
  - E. Integration.
- C      KT      Fa
156. The process of grouping work positions into formal teams and departments, and then linking them together within the organization is known as \_\_\_\_\_.
- A. Differentiation.
  - B. Departmentalization.
  - C. Structural team development.
  - D. Organizing.
  - E. Functional team management.
- B      KT      Fa
157. Three common types of traditional organizational structures are \_\_\_\_\_.
- A. Centralized, decentralized, and integrated.
  - B. Functional, horizontal, and vertical.
  - C. Divisional, centralized, and line.
  - D. Functional, divisional, and matrix.
  - E. Matrix, staff, and functional.
- D      GT      Fa

### *Functional Structures*

158. A \_\_\_\_\_ groups together people who have similar skills and who perform similar tasks.
- A. Divisional structure.
  - B. Informal structure.
  - C. Matrix structure.
  - D. Integrated structure.
  - E. Functional structure.
- E      KT      Fa
159. When an organization chart shows vice presidents of marketing, manufacturing, finance, and human resources reporting directly to the president of a company, the top management group is organized as a \_\_\_\_\_ structure.
- A. Horizontal.
  - B. Vertical.
  - C. Functional.
  - D. Divisional.
  - E. Matrix.
- C      GT      Ap

160. Which of the following statements accurately describes the nature of functional structures?
- A. Members of functional departments share technical expertise, interests, and responsibilities.
  - B. Members of each function work within their respective areas of expertise.
  - C. When each function does its jobs properly, the business should operate successfully.
  - D. All of the above.
  - E. None of the above.
- D      GT      Fa
161. Which of the following is NOT an advantage of grouping people with similar interests and skills together in the same work unit?
- A. Supports in-depth training.
  - B. Allows assignments to be consistent with technical training.
  - C. Reduces accountability for total product or service delivery.
  - D. Provides clear career paths.
  - E. Produces economies of scale with efficient use of resources.
- C      GT      Fa
162. Potential disadvantages of functional structures include all of the following EXCEPT:
- A. Difficulties in pinpointing responsibilities for cost containment, product or service quality, timeliness, and innovation.
  - B. Provides for clear career paths.
  - C. Sense of cooperation and common purpose tends to break down.
  - D. Narrow view of performance objectives.
  - E. Too many decisions referred upward in the organizational hierarchy.
- B      GT      Fa
163. The \_\_\_\_\_ problem refers to the lack of communication, coordination, and collaborative problem solving across functions.
- A. Horizontal silos.
  - B. Vertical bug-a-boo.
  - C. Functional chimneys.
  - D. Divisional smokestack.
  - E. Matrix identity.
- C      KT      Fa
164. The functional chimneys problem can \_\_\_\_\_.
- A. Slow decision making.
  - B. Diminish cooperation and commitment to a common purpose.
  - C. Interfere with coordination across functions.
  - D. All of the above.
  - E. None of the above.
- D      GT      Fa

**Divisional Structures**

165. A(n) \_\_\_\_\_ groups together people who work on the same product or process, serve similar customers, or work in the same area or geographic region.
- A. Divisional structure.
  - B. Informal structure.
  - C. Matrix structure.
  - D. Integration structure.
  - E. Functional structure.
- A      KT      Fa
166. All of the following are potential advantages of using a divisional structure EXCEPT:
- A. More flexibility in responding to environmental changes.
  - B. Establishes clear points of responsibility for product or service delivery.
  - C. Expertise is focused on specific customers, products, or regions.
  - D. Duplication of resources and efforts across divisions.
  - E. Greater ease in changing size by adding or deleting divisions.
- D      GT      Fa
167. Which of the following is NOT a potential disadvantage of using a divisional structure for departmentalization?
- A. Increasing costs due to duplication of resources and efforts across divisions.
  - B. Creating unhealthy rivalries as divisions compete for available resources.
  - C. Enhancing the ability to respond to environmental change.
  - D. Reducing economies of scale.
  - E. Emphasizing divisional needs and goals to the detriment of organizational goals.
- C      GT      Fa
168. A(n) \_\_\_\_\_ structure involves creating work units based on product, process, customer, or geographic territory.
- A. Functional.
  - B. Divisional.
  - C. Organic.
  - D. Mechanistic.
  - E. Matrix.
- B      GT      Fa
169. \_\_\_\_\_ structures group together jobs and activities dealing with a single product or service.
- A. Product structures.
  - B. Geographical structures.
  - C. Area structures.
  - D. Customer structures
  - E. Process structures.
- A      KT      Fa

170. \_\_\_\_\_ clearly identify costs, profits, problems, and successes in a market area with a central point of accountability.
- A. Product structures.
  - B. Geographical structures.
  - C. Area structures.
  - D. Customer structures
  - E. Process structures.
- A      GT      Fa
171. \_\_\_\_\_ structures group together jobs and activities that are being performed in the same location.
- A. Product.
  - B. Market.
  - C. Geographical.
  - D. Customer.
  - E. Process.
- C      KT      Fa
172. \_\_\_\_\_ structures are typically used when there is a need to differentiate products or services in various locations, such as in different regions of a nation or in international operations where there is a need to focus on the requirements of particular cultures and regions of the world.
- A. Product.
  - B. Market.
  - C. Geographical.
  - D. Customer.
  - E. Process.
- C      GT      Fa
173. Structures that group together jobs and activities that are serving the same customers or clients are called \_\_\_\_\_ structures.
- A. Product.
  - B. Process.
  - C. Matrix.
  - D. Customer.
  - E. Geographical.
- D      KT      Fa
174. \_\_\_\_\_ are particularly appealing because they can best serve the special needs of different customer groups.
- A. Product structures.
  - B. Process structures.
  - C. Matrix structures.
  - D. Customer structures.
  - E. Geographical structures.
- D      GT      Fa

175. A \_\_\_\_\_ is a group of tasks related to one another that collectively creates something of value to a customer.
- A. Work team.
  - B. Work process.
  - C. Job.
  - D. Work group.
  - E. Manufacturing system.
- B      GT      Fa

176. Structures that group together jobs and activities that are part of the same processes are called \_\_\_\_\_ structures.
- A. Geographical.
  - B. Product.
  - C. Matrix.
  - D. Customer.
  - E. Process.
- E      KT      Fa

### *Matrix Structures*

177. A matrix structure basically combines elements of \_\_\_\_\_ and \_\_\_\_\_ structures.
- A. Horizontal ... vertical.
  - B. Horizontal ... divisional.
  - C. Functional ... vertical.
  - D. Functional ... divisional.
  - E. Vertical ... divisional.
- D      KT      Fa
178. Which structural approach makes use of permanent cross-functional teams to integrate functional expertise in support of a clear divisional focus on a product, project, or program?
- A. Hybrid.
  - B. Matrix.
  - C. Divisional.
  - D. Functional.
  - E. Individual.
- B      GT      Fa
179. Workers in a matrix structure belong to at least two formal groups at the same time. These two groups are a \_\_\_\_\_ group and a \_\_\_\_\_ group.
- A. Functional ... product, project, or program.
  - B. Supplier ... distributor
  - C. Union ... product, project, or program.
  - D. Functional ... nonfunctional.
  - E. Functional ... total quality.
- A      GT      Fa

180. Which one of the following is NOT an advantage of using the matrix structure?
- A. The matrix structure allows for better interfunctional cooperation in operations and problem solving.
  - B. The matrix structure makes it easier to add, remove, or change operations to meet changing demands.
  - C. The matrix structure improves performance accountability.
  - D. The matrix structure minimizes overhead costs.
  - E. The matrix structure improves strategic management since top managers are freed from unnecessary problem solving.
- D GT Fa
181. If an organization is concerned about frequently adding and deleting new products or services and also wants to make sure that customers or clients always have a program manager available to respond to questions and concerns, the \_\_\_\_\_ structural form is a good choice.
- A. Horizontal.
  - B. Vertical.
  - C. Functional.
  - D. Divisional.
  - E. Matrix.
- E GT Ap
182. Which of the following is NOT an advantage of matrix organizations?
- A. Promotes interfunctional cooperation
  - B. Creates permanent cross-functional teams.
  - C. More responsive to customer needs.
  - D. Prevents power struggles from erupting.
  - E. Managerial accountability is increased.
- D GT Fa
183. Power struggles due to a “two-boss” system can cause problems within a \_\_\_\_\_ structure.
- A. Horizontal.
  - B. Vertical.
  - C. Functional.
  - D. Divisional.
  - E. Matrix.
- E GT Fa
184. All the following are potential disadvantages of the matrix structure EXCEPT:
- A. Adding team leaders increases costs.
  - B. “Groupitis”.
  - C. Problem solving is forced down the hierarchy to where the best information is available.
  - D. Power struggles between functional and program managers.
  - E. Confusion of team members regarding task direction.
- C GT Fa

**DIRECTIONS IN ORGANIZATION STRUCTURES (STUDY QUESTION 3)**

185. Which of the following statements is/are correct regarding the forces influencing developments in organization structures?
- A. The global economy and hypercompetition are putting increasing pressures on organization structures.
  - B. Structural innovation is an important part of meeting the demands of complex and changeable environments.
  - C. Managers need to design organizational structures to respond to performance demands for more speed to market, greater customer orientation, constant productivity improvements, and better technology utilization.
  - D. All of the above are correct statements regarding the forces influencing developments in organization structures.
  - E. All of the above are incorrect statements regarding the forces influencing developments in organization structures.
- D GT Fa
186. All but one of the following items are included among the guidelines for capitalizing on the opportunities afforded by horizontal structures. Which item is NOT one of these guidelines?
- A. Focus the organization around processes, not functions.
  - B. Put people in charge of core processes.
  - C. Increase hierarchy and decrease the use of teams.
  - D. Empower people to make decisions critical to performance.
  - E. Utilize information technology.
- C MN Fa
187. All of the following are guidelines for mobilizing the opportunities of horizontal structures EXCEPT:
- A. Focus the organization around functions, not processes.
  - B. Decrease hierarchy and increase the use of teams.
  - C. Emphasize multiskilling and multiple competencies.
  - D. Teach people how to work in partnership with others.
  - E. Build a culture of openness, collaboration, and performance commitment.
- A MN Fa

**Team Structures**

188. A \_\_\_\_\_ uses both permanent and temporary cross-functional teams to solve problems, complete special projects, and accomplish daily tasks.
- A. Geographical structure.
  - B. Cross-functional structure.
  - C. Team structure.
  - D. Divisional structure.
  - E. Matrix structure.
- C KT Fa

189. A(n) \_\_\_\_\_ brings together members from different areas of work responsibility.
- A. Interdepartmental team.
  - B. Cross-functional team.
  - C. Self-managing team.
  - D. Task team.
  - E. Network team.
- B KT Fa
190. A \_\_\_\_\_ is set up for a particular task or project and disbands once it is completed.
- A. Matrix structure.
  - B. Self-managing team.
  - C. Project team.
  - D. Process team.
  - E. Network team.
- C KT Fa
191. All except one of the following are potential advantages of using a team structure. Which one is NOT a potential advantage?
- A. Boosting the morale of members.
  - B. Gaining increased knowledge of different work responsibilities.
  - C. Breaking down barriers between operating departments.
  - D. Spending a great deal of time in meetings.
  - E. Improving the quality and speed of decisions.
- D GT Fa
192. One of the disadvantages of using a team structure is \_\_\_\_\_.
- A. Conflicting loyalties of members.
  - B. Speed and quality of decisions.
  - C. Improved morale.
  - D. Shared knowledge.
  - E. Improving lateral relations.
- A GT Fa
193. Which of the following are potential disadvantages of team structures?
- A. Conflicting loyalties among members regarding both team and functional assignments.
  - B. Excessive time spent in meetings.
  - C. Effectiveness of the time that team members spend together depends on the quality of interpersonal relations, group dynamics, and team management.
  - D. Alternatives A and B are potential disadvantages of team structures.
  - E. Alternatives A, B, and C are potential disadvantages of team structures.
- E GT Fa
194. In addressing the potential disadvantages of team structures, managers should \_\_\_\_\_.
- A. Resolve conflicting loyalties between members' team and functional assignments.
  - B. Promote effective interpersonal relations, group dynamics, and team management.
  - C. Manage time effectively.
  - D. All of the above.
  - E. None of the above.
- D GT Ap

*Network Structures*

195. Organizations that are set up with a central core that is linked with outside contractors and suppliers of essential business services are called \_\_\_\_\_ structures.
- A. Hybrid.
  - B. Network.
  - C. Geographic.
  - D. Horizontal.
  - E. Global.
- B      KT      Fa
196. Network organizations own only the \_\_\_\_\_ and outsource \_\_\_\_\_.
- A. Information technology ... actual production work.
  - B. Essential core functions ... the support functions.
  - C. Support functions ... core functions.
  - D. Intellectual property ... the manufacturing of products.
  - E. Essential core functions ... all customer contacts.
- B      GT      Fa
197. \_\_\_\_\_ refers to the contracting of business functions to outside suppliers.
- A. Insourcing
  - B. Outsourcing.
  - C. Rightsourcing.
  - D. Resourcing.
  - E. Boundaryless sourcing.
- C      GT      Fa
198. All of the following are advantages of the network structure EXCEPT:
- A. Managers can seek ways to stay cost competitive through reduced overhead and increased operating efficiency.
  - B. Managers can develop and maintain linkages for working with partners across great distances.
  - C. Computerized networking capabilities facilitate coordination.
  - D. A company can operate with fewer full-time employees and less complex internal systems.
  - E. Managers are subjected to greater demands of responsibility.
- E      GT      Fa
199. Potential advantages of network structures include which of the following?
- A. Companies can operate with fewer full-time employees and less complex internal systems.
  - B. Companies can reduce overhead costs and increase operating efficiency.
  - C. Companies can operate across great distances.
  - D. All of the above are potential advantages of a network structure.
  - E. None of the above is a potential advantage of a network structure.
- D      GT      Fa

200. The potential disadvantages of the network structure are due primarily to the demands of \_\_\_\_\_.
- A. Being flexible in responding to changing conditions.
  - B. Having fewer full-time employees to help supervisor's managerial empire.
  - C. Having new management responsibilities.
  - D. Operating across great distance.
  - E. Trying to reduce overhead through expanded relationships.
- C      GT      Fa
201. Potential disadvantages of network structures include which of the following?
- A. If one part of the network breaks down or fails to deliver, the entire system suffers.
  - B. It may be difficult to exercise effective control and coordination among different parts of a complex network.
  - C. The more complex the business or mission, the more complicated the network.
  - D. All of the above.
  - E. None of the above.
- D      GT      Fa
202. Which one of the following is not a potential disadvantage of network structures?
- A. Control and coordination problems may arise from network complexity.
  - B. Permits operations across great distances.
  - C. Potential loss of control over outsourced activities.
  - D. The more complex the business or mission, the more complicated the network.
  - E. Potential for lack of loyalty to develop among infrequently used contractors.
- B      GT      Fa
203. There are "seven deadly sins of outsourcing." Which of the following is NOT one of these deadly sins?
- A. Outsourcing activities that are part of the core.
  - B. Not having good contracts with the vendor.
  - C. Recognizing hidden costs of managing contracts.
  - D. Failing to recognize the need to change vendors or cease outsourcing.
  - E. Overlooking impact on existing employees.
- C      MN      Fa
204. There are "seven deadly sins of outsourcing." Which of the following is one of these deadly sins?
- A. Outsourcing to trustworthy vendors.
  - B. Considering impact on existing employees.
  - C. Maintaining oversight of vendors.
  - D. Recognizing hidden costs of managing contracts.
  - E. Not having good contracts with the vendor.
- E      MN      Fa

**Boundaryless Organizations**

205. A \_\_\_\_\_ organization eliminates internal boundaries among parts and external boundaries linking with the external environment.  
 A. Divisional.  
 B. Boundaryless.  
 C. Functional.  
 D. Geographical.  
 E. Matrix.  
 B      KT      Fa
206. \_\_\_\_\_ organizations are those in which teamwork and intense communication take the place of formal lines of authority.  
 A. Divisional.  
 B. Functional.  
 C. Geographical.  
 D. Matrix.  
 E. Boundaryless.  
 E      GT      Fa
207. Which of the following statements does NOT accurately describe a boundaryless organization?  
 A. Boundaryless refers primarily to internal boundaries that structurally separate organization members from each other.  
 B. Boundaryless organizations can be viewed as a combination of team and network structures, with the addition of “temporariness.”  
 C. Key requirements for a boundaryless organization are the absence of hierarchy, empowerment of team members, technology utilization, and acceptance of impermanence.  
 D. Due to the absence of structural barriers, boundaryless organizations have few communication and coordination problems.  
 E. Boundaryless organizations encourage creativity, quality, timeliness, efficiency, and flexibility.  
 D      GT      Ap
208. A key assumption underlying \_\_\_\_\_ organizations is that empowered people working together without bureaucratic restrictions can accomplish great things.  
 A. Divisional.  
 B. Functional.  
 C. Geographical.  
 D. Boundaryless.  
 E. Matrix.  
 D      GT      Fa
209. A(n) \_\_\_\_\_ is a special form of a boundaryless organization.  
 A. Functional organization.  
 B. Divisional organization.  
 C. Virtual organization.  
 D. Upside-down pyramid.  
 E. Matrix structure.  
 C      GT      Fa

210. A(n) \_\_\_\_\_ operates in a shifting network of external strategic alliances that are engaged as needed, and typically are supported by extensive information technology (IT) utilization.
- A. Virtual organization.
  - B. Upside-down pyramid.
  - C. Functional organization.
  - D. Divisional organization.
  - E. Matrix structure.
- A      KT      Fa

#### ORGANIZING TRENDS AND PRACTICES (STUDY QUESTION 4)

211. The \_\_\_\_\_ is the concept of putting customers on the top, served by workers in the middle, who in turn are supported by managers at the bottom.
- A. Employee empowerment structural adaptation.
  - B. The customer-focused stacked organization.
  - C. Upside-down pyramid.
  - D. Customer-driven organization chart.
  - E. Functionally stacked structure.
- C      KT      Fa
212. Organizing trends in the modern workplace share a common theme. This theme is \_\_\_\_\_.
- A. Making the adjustments needed to increase market share, product lines, and sales commissions.
  - B. Making the adjustments needed to streamline operations for cost efficiency, higher performance, and increased participation by workers.
  - C. Making the adjustments needed to streamline operations for cost efficiency, enhance market share, and diminish worker involvement.
  - D. Making the adjustments needed to decrease tax liabilities and regulatory interventions.
  - E. Making the adjustments needed to increase profitability and decrease costs.
- B      GT      Ap
213. Which of the following statements accurately describes something about organizing trends and practices in the modern workplace?
- A. Organizing practices are in a state of change as new structures are developed to respond to increasingly competitive environments.
  - B. One important organizing trend is the upside-down pyramid.
  - C. Included among contemporary workplace organizing trends are shorter chains of command, less unity of command, wider spans of control, more delegation and empowerment, decentralization with centralization, and reduced use of staff.
  - D. A and C.
  - E. A, B, and C.
- E      GT      Fa

*Shorter Chains of Command*

214. The line of authority that vertically links all persons with successively higher levels of management is the \_\_\_\_\_.
- A. Unity-of-command principle.
  - B. Span-of-control principle.
  - C. Channel-of-communication principle.
  - D. Chain of command.
  - E. Line of authority.
- D      KT      Fa
215. The principle stating that there should be a clear and unbroken chain of command linking each person in the organization to successively higher levels of authority is the \_\_\_\_\_.
- A. Unity-of-command principle.
  - B. Span-of-control principle.
  - C. Scalar principle.
  - D. Managerial command principle.
  - E. Effective leadership principle.
- C      GT      Fa
216. When organizations grow in size, adding levels of management and thereby lengthening the chain of command, they tend to get \_\_\_\_\_.
- A. Taller.
  - B. Shorter.
  - C. Flatter.
  - D. Wider.
  - E. Narrower.
- A      GT      Fa
217. Which of the following is NOT likely to accompany an increase in the number of levels in the chain of command?
- A. Overhead costs increase.
  - B. Decision making can be slowed greatly.
  - C. The communication distance between the top and bottom levels of the organization is increased.
  - D. The organization gains additional competitive advantage.
  - E. Direct contact with the client or customer may be lost.
- D      GT      Fa
218. A contemporary trend with regard to the chain of command is for organizations to \_\_\_\_\_.
- A. Gain a competitive advantage by hiring more managerial talent.
  - B. Clarify superior-subordinate reporting relationships.
  - C. Streamline by cutting unnecessary levels of management.
  - D. All of the above.
  - E. None of the above.
- C      GT      Ap

**Less Unity of Command**

219. The principle stating that each person in the organization should report to one and only one supervisor is known as the \_\_\_\_\_.
- A. Unity-of-command principle.
  - B. Span-of-control principle.
  - C. Channel-of-communication principle.
  - D. Chain of command.
  - E. Line of authority.
- A GT Fa
220. When a department head bypasses a person's supervisor and issues orders directly to the supervisor's subordinate, the \_\_\_\_\_ principle has been violated.
- A. Span-of-control.
  - B. Unity-of-command.
  - C. Channel-of-communication.
  - D. Chain-of-command.
  - E. Line-of-authority.
- B GT Ap
221. Which of the following principles addresses the problem of people having "too many bosses"?
- A. Span-of-control principle.
  - B. Channel-of-communication principle.
  - C. Chain-of-command principle.
  - D. Line-of-authority principle.
  - E. Unity-of-command principle.
- E GT Ap
222. Which one of the following organization structures, by design, violates the unity-of-command principle?
- A. Matrix structure.
  - B. Functional structure.
  - C. Divisional structure.
  - D. Vertical coordination structure.
  - E. Horizontal coordination structure.
- A GT Fa
223. The current trend is for people to work for more than one boss because organizations are using more \_\_\_\_\_.
- A. Cross-functional teams.
  - B. Task forces.
  - C. Horizontal structures.
  - D. A and B.
  - E. A, B, and C.
- E GT Ap

**Wider Spans of Control**

224. The number of persons reporting directly to a single manager is an organizational issue relating to \_\_\_\_\_.
- A. Functional authority.
  - B. Centralization.
  - C. Line and staff relationships.
  - D. Informal structures.
  - E. Span of control.
- E      KT      Fa
225. Organizations with wide spans of control tend to \_\_\_\_\_.
- A. Have many levels of management.
  - B. Be more costly than organizations with narrower spans of control.
  - C. Have many middle managers.
  - D. Have tall structures.
  - E. Have flat structures.
- E      GT      Ap
226. Organizations with narrow spans of control tend to \_\_\_\_\_.
- A. Have few levels of management.
  - B. Be less costly than organizations with wider spans of control.
  - C. Have few middle managers.
  - D. Have tall structures.
  - E. Have flat structures.
- D      GT      Ap
227. Which of the following statements about span of control is NOT accurate?
- A. When the span of control is narrow, relatively few people report directly to a given manager.
  - B. Early management theorists sought to determine the optimum span of control for any manager.
  - C. There is a limit to the number of people one manager can effectively supervise.
  - D. Narrow spans of control create an organization that is less efficient and less flexible.
  - E. Wider spans of control usually result in additional management overhead costs.
- E      GT      Fa
228. Recent structural moves in American organizations have resulted in \_\_\_\_\_.
- A. Narrower spans of control in organizations.
  - B. More vertical levels in the chains of command.
  - C. More middle managers.
  - D. Wider spans of control in organizations.
  - E. Increasing the number of management levels.
- D      GT      Ap

**More Delegation and Empowerment**

229. The process of entrusting work to others in the organization by giving them the right to make decisions and take action is \_\_\_\_\_.
- A. What the manager should do.
  - B. The hierarchy of authority.
  - C. Delegation.
  - D. Empowerment.
  - E. Decentralization.
- C      KT      Fa
230. Which one of the following statements accurately describes the process of delegation?
- A. Responsibility, authority, and accountability are the foundations of vertical coordination through delegation.
  - B. Accountability is an expectation for the other person to perform assigned tasks.
  - C. Responsibility is the right to act in ways to carry out the assigned tasks.
  - D. Authority is the requirement to answer to a supervisor for performance results.
  - E. Empowerment is not an essential part of delegation.
- A      GT      Ap
231. The \_\_\_\_\_ principle states: “authority should equal responsibility when work is delegated from a supervisor to a subordinate.”
- A. Scalar.
  - B. Span-of-control.
  - C. Balance-of-command.
  - D. Responsible management.
  - E. Authority-and-responsibility.
- E      GT      Fa
232. Which of the following statements does NOT provide an accurate description of some aspect of delegation?
- A. Failure to delegate may result from a manager’s lack of trust in others or his/her inflexibility regarding how things should be done.
  - B. Failure to delegate overloads the manager with work that could be done by others.
  - C. Effective delegation denies others opportunities to fully utilize their talents on the job.
  - D. Effective delegation leads to empowerment of workers.
  - E. Effective delegation can increase employees’ job satisfaction and work performance.
- C      GT      Ap
233. The current trend in delegation is \_\_\_\_\_.
- A. To delegate more only to middle management.
  - B. To empower people only at the bottom level of the organization.
  - C. To delegate less and retain power at the top of the organization.
  - D. To maintain the status quo.
  - E. To delegate more and find more ways to empower people at all levels.
- E      GT      Ap

234. According to the text, which of the following would NOT be a good rule for effective delegation?
- A. Define responsibility and make the assignment clear.
  - B. Allow the other person to act independently.
  - C. Agree on a performance timetable.
  - D. Be careful about who will be given an assignment.
  - E. Allow the subordinate to set performance objectives.
- E MN Fa
235. Effective delegation includes all of the following activities EXCEPT:
- A. Let the other person evaluate his/her own work.
  - B. Agree on a performance timetable.
  - C. Give performance feedback.
  - D. Recognize and reinforce progress.
  - E. Help when things go wrong.
- A MN Fa
236. Which of the following would NOT be a good rule for effective delegation?
- A. Don't forget your own accountability for performance results.
  - B. Show trust in the other person.
  - C. Let the other person volunteer.
  - D. Give authority.
  - E. Provide performance support.
- C MN Fa

***Decentralization with Centralization***

237. When decision-making authority is concentrated at the top levels of an organization, the organization is said to be \_\_\_\_\_.
- A. Vertically coordinated.
  - B. Decentralized.
  - C. Centralized.
  - D. Horizontally coordinated.
  - E. Control oriented.
- C KT Fa
238. In a highly centralized organization, one would expect to find \_\_\_\_\_.
- A. Relatively flat structures.
  - B. Functional forms of departmentalization.
  - C. A concentration of decision making with top management.
  - D. Increased job autonomy.
  - E. Less concern for the size of spans of control.
- C KT Fa

239. When decision-making authority is dispersed by extensive delegation throughout all levels of management, the organization is said to be \_\_\_\_\_.
- A. Vertically coordinated.
  - B. Decentralized.
  - C. Centralized.
  - D. Horizontally coordinated.
  - E. Control oriented.
- B      KT      Fa
240. An organization that operates in a decentralized fashion will \_\_\_\_\_.
- A. Be very tall with wide spans of control.
  - B. Allow lower-level persons to participate in decision making.
  - C. Have difficulty specifying its formal structure on an organization chart.
  - D. Probably use a matrix form of departmentalization.
  - E. Suffer control problems due to violations of the unity-of-command principle.
- B      KT      Fa
241. With respect to centralization and decentralization, the current trend is for organizations to \_\_\_\_\_.
- A. Centralize both decision making and control.
  - B. Decentralize both decision making and control.
  - C. Decentralize decision making and centralize control.
  - D. Centralize decision making and decentralize control.
  - E. De-emphasize the roles of centralization and decentralization in decision making and control.
- C      GT      Ap

### **Reduced Use of Staff**

242. People who perform a technical service or provide special problem-solving expertise for other parts of the organization are called \_\_\_\_\_.
- A. Personal staff.
  - B. Functional staff.
  - C. Vice presidential staff.
  - D. Specialized staff.
  - E. Chief executive staff.
- D      KT      Fa
243. An employee who is in an “assistant-to” position with the purpose of providing special support to higher-level managers is considered to be \_\_\_\_\_.
- A. Personal staff.
  - B. Advisory staff.
  - C. Specialized staff.
  - D. Technical staff.
  - E. Detail staff.
- A      KT      Fa

244. In organizations, \_\_\_\_\_ personnel provide expert advice and guidance to \_\_\_\_\_ personnel.
- A. Manufacturing ... marketing.
  - B. Operating ... sales.
  - C. Staff ... line.
  - D. Line ... staff.
  - E. Supervisory ... hourly.
- C GT Fa
245. Advisory authority is defined as the authority of staff personnel to \_\_\_\_\_.
- A. Dictate actions to line personnel.
  - B. Supervise line personnel.
  - C. Conduct performance appraisals on line personnel.
  - D. Manage line personnel activities.
  - E. Suggest but not dictate actions to line personnel.
- E GT Fa
246. When \_\_\_\_\_ is used, staff personnel require others to do as requested within the boundaries of staff expertise.
- A. Specialized authority.
  - B. Advisory authority.
  - C. Functional authority.
  - D. Mandated authority.
  - E. Charismatic authority.
- C GT Fa
247. When a human resource manager is able to deny the request of a manufacturing manager to hire a certain person because affirmative action guidelines had not been followed during the hiring process, the human resource manager is exercising \_\_\_\_\_ authority over the manufacturing manager.
- A. Line.
  - B. Functional.
  - C. Formal.
  - D. Decentralized.
  - E. Matrix.
- B GT Ap
248. Which of the following statements does NOT accurately describe challenges associated with the use of staff?
- A. Because of cost considerations, cutting back on staff is a common first choice in downsizing and other turnaround efforts.
  - B. Staff with advisory authority can suggest but not dictate.
  - C. Staff with functional authority can require that others do as requested within the boundaries of staff expertise.
  - D. There is one best way to divide work between line and staff responsibilities.
  - E. Staff can grow to the point where it costs more in administrative overhead than the staff is worth.
- D GT Ap

249. The current trend in the use of staff is to \_\_\_\_\_.
- A. Reduce the size of staff in order to increase operating efficiency.
  - B. Maximize the size of staff in order to increase operating effectiveness.
  - C. Maximize the size of staff in order to help create a full-employment economy.
  - D. Completely eliminate staff positions.
  - E. Change the staff size in proportion to changes in sales.
- A      GT      Ap

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## Multiple Choice Questions

### CHAPTER INTRODUCTION

115. Which of the following statements does NOT describe a way in which traditional organizational structures are changing?
- A. Traditional structures are being flattened.
  - B. Networks are being developed.
  - C. More people are being hired.
  - D. Information technology is being utilized.
  - E. Decision making is being decentralized to the point where knowledge exists.
- C GT Fa
116. The goals for changing traditional organizational structures include all of the following EXCEPT:
- A. Improved teamwork.
  - B. More creativity.
  - C. Shorter product development cycles.
  - D. Better customer service.
  - E. Maintenance of current productivity levels.
- E GT Fa

### ORGANIZATIONAL DESIGN ESSENTIALS (STUDY QUESTION 1)

117. The following statements describe different forces that are affecting structural design and how organizations are responding to these forces. Which statement is NOT correct?
- A. Organizations are changing and adapting their structures to meet the competitive demands of a dynamic environment.
  - B. Changing times require more flexible and well-integrated organizations.
  - C. Team structures and network organizations are gaining in popularity.
  - D. Organizations face widely varying problems and opportunities that affect how they are structured and managed.
  - E. The key to success is finding the one best organization design to fit all problems and opportunities.
- E GT Ap

### *What Is Organizational Design?*

118. \_\_\_\_\_ is the process of choosing and implementing structures that best arrange resources to accomplish the organization's mission and objectives.
- A. Cultural management.
  - B. Structural strategizing.
  - C. Organization design.
  - D. Mechanizing the organization.
  - E. Cultural adaptation.
- C KT Fa

119. The ultimate purpose of \_\_\_\_\_ is to create an alignment between structures and situational challenges.
- A. Cultural management.
  - B. Structural strategizing.
  - C. Organization design.
  - D. Mechanizing the organization.
  - E. Cultural adaptation.
- C      GT      Fa
120. In aligning structures with situational contingencies, organizational design considers all of the following EXCEPT:
- A. Environment.
  - B. People.
  - C. Strategy.
  - D. Technology.
  - E. Job design.
- E      GT      Fa
121. Which alternative accurately describes the variables that should be considered in aligning organizational structures with situational contingencies?
- A. Environment, strategies, people, technology, and size.
  - B. Environment, strategies, people, technology, and leadership.
  - C. Technology, job design, people, work teams, and leadership.
  - D. People, work teams, leadership, decision making, and communications.
  - E. Decision making, communications, information technology, computers, and networks.
- A      GT      Fa
122. The goal of \_\_\_\_\_ is to achieve the best fit between structure and the unique situation faced by each organization.
- A. Cultural management.
  - B. Structural strategizing.
  - C. Mechanizing the organization.
  - D. Cultural adaptation.
  - E. Organization design.
- E      GT      Fa

### ***Organizational Effectiveness***

123. \_\_\_\_\_ refers to sustainable high performance in using resources to accomplish mission and objectives.
- A. Organizational vision.
  - B. The technological imperative.
  - C. Organizational effectiveness.
  - D. Ethical management.
  - E. High intensity leadership.
- C      KT      Fa

124. The \_\_\_\_\_ to organizational effectiveness looks at the input side and defines effectiveness in terms of success in acquiring needed resources from the organization's environment.
- A. Systems resource approach.
  - B. Internal process approach.
  - C. Technological approach.
  - D. Goal approach.
  - E. Strategic constituencies approach.
- A      GT      Fa
125. The \_\_\_\_\_ to organizational effectiveness looks at the transformation process and examines how efficiently resources are utilized to produce goods and/or services.
- A. Systems resource approach.
  - B. Internal process approach.
  - C. Technological approach.
  - D. Goal approach.
  - E. Strategic constituencies approach.
- B      GT      Fa
126. The \_\_\_\_\_ to organizational effectiveness looks at the output side to measure achievement of key operating objectives.
- A. Systems resource approach.
  - B. Internal process approach.
  - C. Technological approach.
  - D. Goal approach.
  - E. Strategic constituencies approach.
- D      GT      Fa
127. The \_\_\_\_\_ to organizational effectiveness looks to the environment to analyze the impact of the organization on key stakeholders and their interests.
- A. Systems resource approach.
  - B. Internal process approach.
  - C. Technological approach.
  - D. Goal approach.
  - E. Strategic constituencies approach.
- E      GT      Fa
128. Short-run benchmarks of organizational effectiveness focus on \_\_\_\_\_.
- A. Performance effectiveness in goal accomplishment.
  - B. Performance efficiency in resource utilization.
  - C. Stakeholder satisfactions.
  - D. A and B.
  - E. A, B, and C.
- E      GT      Fa

129. \_\_\_\_\_ organizational effectiveness criteria include adaptability in the face of changing environments and development of people and systems to meet new challenges
- A. Short-run.
  - B. Medium-term.
  - C. Long-run.
  - D. A and C.
  - E. None of the above.
- B      GT      Fa
130. Survival under conditions of uncertainty is a \_\_\_\_\_ organizational effectiveness criterion.
- A. Process-oriented.
  - B. Short-run.
  - C. Medium-term.
  - D. Long-run.
  - E. Stakeholder.
- D      GT      Fa
131. While there is no universal organizational design that applies in all circumstances, any organizational design should \_\_\_\_\_.
- A. Advance organizational effectiveness.
  - B. Be rigorously evaluated.
  - C. Be based on advanced information technology.
  - D. A and B.
  - E. A, B, and C.
- D      GT      Fa

***Organizational Design Choices***

132. A(n) \_\_\_\_\_ is a form of organization based on logic, order, and the legitimate use of formal authority.
- A. Rational structure.
  - B. Authoritative organization.
  - C. Ethical culture.
  - D. Bureaucracy.
  - E. Adaptive structure.
- D      KT      Fa
133. As an “ideal organizational form,” bureaucracy is characterized by all of the following EXCEPT:
- A. A clear-cut division of labour.
  - B. Positions arranged in a strict hierarchy of authority.
  - C. Orderliness, fairness, and efficiency.
  - D. A system of formal rules and procedures.
  - E. Promotions based on seniority.
- E      GT      Fa

134. Which of the following are negative characteristics of bureaucracies?
- A. Bureaucracies tend to be rigid and formal.
  - B. Bureaucracies may become unwieldy by relying too heavily on rules and procedures.
  - C. Bureaucracies may be slow to respond to change.
  - D. All of the above.
  - E. None of the above.
- D      GT      Fa
135. Which statement about the contingency perspective to organizational design is incorrect?
- A. It asks: "When is the bureaucratic form a good choice for an organization?"
  - B. It has foundations in the research of Tom Burns and George Stalker.
  - C. It views all bureaucratic structures as inevitably flawed.
  - D. It asks: "What alternatives exist when the bureaucratic form is not a good choice?"
  - E. It looks beyond bureaucracy.
- C      GT      Fa
136. In a classic study conducted in the 1960s, Burns and Stalker \_\_\_\_\_.
- A. Identified three basic organizational forms: bureaucratic, mechanistic, and organic.
  - B. Developed conclusions that have been substantially refuted by later research.
  - C. Revealed that bureaucratic structures thrived when the environment was uncertain and changing.
  - D. Favored organic over mechanistic forms.
  - E. Concluded that different organizational structures could be successful, depending on the nature of the firm's external environment.
- E      GT      Fa
137. According to the work of Burns and Stalker, a(n) \_\_\_\_\_ organization design thrives when the external environment is stable but struggles when the environment is changing and uncertain.
- A. Machine.
  - B. Mechanistic.
  - C. Organic.
  - D. Professional.
  - E. Divisional.
- B      GT      Fa
138. According to the work of Burns and Stalker, a(n) \_\_\_\_\_ organization design thrives when the external environment is dynamic but struggles when the environment is stable.
- A. Machine.
  - B. Mechanistic.
  - C. Organic.
  - D. Professional.
  - E. Divisional.
- C      GT      Fa

139. The organizational design that is highly bureaucratic in nature is called the \_\_\_\_\_ design.  
A. Machine.  
B. Mechanistic.  
C. Organic.  
D. Professional.  
E. Divisional.  
B KT Fa
140. The \_\_\_\_\_ design is characterized by centralization, narrow spans of control, and many rules and procedures.  
A. Mechanistic.  
B. Traditional.  
C. Organic.  
D. Adaptive.  
E. Transformational.  
A KT Fa
141. Specialized tasks, few groups and task forces, and formal/impersonal coordination are characteristics of the \_\_\_\_\_ design.  
A. Mechanistic.  
B. Organic.  
C. Traditional.  
D. Adaptive.  
E. Transformational.  
A KT Fa
142. A mechanistic design has all the following characteristics EXCEPT:  
A. Many rules and procedures.  
B. Narrow spans of control.  
C. Specialized tasks.  
D. Few teams and task forces.  
E. Informal and personal coordination.  
E KT Fa
143. Mechanistic designs are \_\_\_\_\_ structures with a \_\_\_\_\_ form.  
A. Loose ... horizontal.  
B. Loose ... vertical.  
C. Tight ... horizontal.  
D. Tight ... vertical.  
E. Open ... network.  
D GT Fa
144. The basic organization design of a fast food franchise is most likely \_\_\_\_\_.  
A. Organic.  
B. Mechanistic.  
C. A combination of both.  
D. Neither organic nor mechanistic.  
E. Strategic.  
B GT Ap

145. The limits of bureaucracy are especially apparent in organizations that must \_\_\_\_\_.
- A. Operate in highly competitive environments.
  - B. Respond to the forces of globalization.
  - C. Deal with ever-changing technologies.
  - D. All of the above.
  - E. None of the above.
- D GT Fa
146. The \_\_\_\_\_ design is characterized by decentralization, wider spans of control, and few rules and procedures.
- A. Mechanistic.
  - B. Traditional.
  - C. Organic.
  - D. Bureaucratic.
  - E. Transformational.
- C KT Fa
147. Shared tasks, many teams and task forces, and informal/personal coordination are characteristics of the \_\_\_\_\_ design.
- A. Mechanistic.
  - B. Organic.
  - C. Traditional.
  - D. Bureaucratic.
  - E. Transformational.
- B KT Fa
148. An organic design has all the following characteristics EXCEPT:
- A. Decentralized authority.
  - B. Few rules and procedures.
  - C. Narrow spans of control.
  - D. Shared tasks.
  - E. Many teams and task forces.
- C KT Fa
149. Organizations that operate with a minimum of bureaucratic features and encourage worker empowerment and teamwork are called \_\_\_\_\_.
- A. Organic organizations.
  - B. Networks.
  - C. New bureaucracies.
  - D. Adaptive organizations.
  - E. Mechanistic organizations.
- D KT Fa

150. Organic designs are \_\_\_\_\_ systems in which a lot of work gets done through \_\_\_\_\_ structures and networks of interpersonal contacts.
- A. Loose ... formal.
  - B. Loose ... informal.
  - C. Tight ... formal.
  - D. Tight ... informal.
  - E. Open ... highly formal..
- B      GT      Fa
151. \_\_\_\_\_ have features of \_\_\_\_\_, including decentralized authority, fewer rules and procedures, less division of labour, wider spans of control, and more personal means of coordination.
- A. Adaptive organizations ... organic designs.
  - B. Bureaucratic organizations ... organic designs.
  - C. Bureaucratic organizations ... mechanistic designs.
  - D. Adaptive organizations ... mechanistic designs.
  - E. Adaptive organizations ... functional designs.
- A      GT      Fa
152. Which statement is accurate?
- A. Organizations are either purely organic or purely mechanistic in design.
  - B. Specialization in the form of job design and departmentalization is required in organic structures but not in mechanistic structures.
  - C. Vertical coordination is the purpose behind organic designs; horizontal coordination is the purpose behind mechanistic structures.
  - D. Dynamic environments and changing conditions call for more organic designs.
  - E. Mechanistic designs are more efficient; organic designs are more effective.
- D      GT      Ap
153. Adaptive organizations do all of the following EXCEPT:
- A. Recognize the value of teamwork and legitimate cross-functional linkages.
  - B. Give employees the freedom to get the job done.
  - C. Seek to free capable people from restrictive centralized controls.
  - D. Promote narrow spans of control and tall structures.
  - E. Rely upon trust and the belief that people will take the initiative to do the right things.
- D      GT      Fa
154. Adaptive organizations are built on a foundation of trust that people will do the right things on their own initiative. This approach can be described as a movement toward \_\_\_\_\_.
- A. Self-organization.
  - B. Employee-centered organizations.
  - C. Simple organizations
  - D. Loose organizations.
  - E. Advocacy organizations.
- A      GT      Fa

155. A highly adaptive organization can become one that is designed for continuous adaptation through problem solving, innovation, and learning. This type of organization is known as a \_\_\_\_\_.
- A. Matrix organization.
  - B. Learning organization.
  - C. New age organization.
  - D. Contemporary organization.
  - E. Change management organization.
- B      KT      Fa

**CONTINGENCIES IN ORGANIZATIONAL DESIGN (STUDY QUESTION 2)**

156. Good organizational design decisions should result in supportive structures that \_\_\_\_\_ and \_\_\_\_\_.
- A. Satisfy situational demands ... advance organizational effectiveness.
  - B. Satisfy situational demands ... allow human resources to be used adequately.
  - C. Satisfy environmental demands ... allow financial resources to be used to the best advantage.
  - D. Satisfy bureaucratic demands ... allow resources to be used reasonably and appropriately.
  - E. Not exceed resource requirements ... allow structural flexibility.
- A      GT      Fa
157. What are the contingency factors that managers should consider in organizational design?
- A. Environment, strategy, technology, size and life cycle, and human resources.
  - B. Strategy, objectives, structure, and product.
  - C. General environment, specific environment, sociocultural factors, and management talent.
  - D. Environment, technology, geography, and history.
  - E. Operations, manufacturing ability, and marketing know-how.
- A      GT      Fa
158. When managers think contingently about the design of an organization, they should ask certain questions. Which of the following is NOT one of these specific questions?
- A. Does the design fit well with the major problems and opportunities of the external environment?
  - B. Does the design support core technologies and permit them to be used to the best advantage?
  - C. Can the design handle changes in organizational size and different stages of the organizational life cycle?
  - D. Does the design support and empower workers and allow their talents to be used to the best advantage?
  - E. Can the design handle changes in leadership and use them to the best advantage?
- E      MN      Fa

159. When managers think contingently about the design of an organization, they should ask certain questions. Which of the following best describes the types of questions managers should ask?
- A. What are the individual choices for organizational design in the manager's department?
  - B. Does the design support the implementation of strategies and the attainment of key operating objectives?
  - C. Does the design respond to social forces but not environmental forces?
  - D. Does the design respond to environmental forces but not social forces?
  - E. Does the design respond to cultural diversity?
- B      MN      Fa

***Environment***

160. A certain environment \_\_\_\_\_.
- A. Is only applicable to the stock market.
  - B. Requires the Environmental Protection Agency to inspect all organizational designs.
  - C. Is composed of relatively stable and predictable elements
  - D. Is dynamic and composed of less predictable elements.
  - E. Involves a high level of risk.
- C      GT      Fa
161. Organizations operating in certain environments \_\_\_\_\_.
- A. Have relatively few changes in goods or services produced over time.
  - B. Experience frequent changes that may catch decision makers by surprise.
  - C. Must be flexible and responsive over relatively short time horizons.
  - D. A and B.
  - E. B and C.
- A      GT      Fa
162. An organization operating in a certain environment should \_\_\_\_\_.
- A. Use an organic organization design.
  - B. Use a mechanistic organization design.
  - C. Use a growth-oriented strategy.
  - D. Have an adaptive structure.
  - E. Promote a multicultural environment.
- B      GT      Fa
163. An uncertain environment \_\_\_\_\_.
- A. Is only applicable to the stock market.
  - B. Requires the Environmental Protection Agency to inspect all organizational designs.
  - C. Is composed of relatively stable and predictable elements
  - D. Is dynamic and composed of less predictable elements.
  - E. Cannot be considered under normal organizational situations.
- D      GT      Fa

164. Organizations operating in uncertain environments \_\_\_\_\_.
- A. Will have more dynamic and less predictable elements.
  - B. Experience frequent changes that may catch decision makers by surprise.
  - C. Must be flexible and responsive over relatively short time horizons.
  - D. All of the above
  - E. None of the above.
- D      GT      Fa
165. An organization operating in an uncertain environment should \_\_\_\_\_.
- A. Use an organic organization design.
  - B. Use a mechanistic organization design.
  - C. Use a stability-oriented strategy.
  - D. Have a bureaucratic structure.
  - E. Promote a multicultural environment.
- A      GT      Fa

**Strategy**

166. The notion that \_\_\_\_\_ follows \_\_\_\_\_ is an important premise of organizational design.
- A. Culture...structure.
  - B. Structure...leadership.
  - C. Structure...strategy.
  - D. Strategy...structure.
  - E. Mission...structure.
- C      GT      Fa
167. Which of the following accurately describes the relationship between strategy and organizational design?
- A. Strategy follows structure.
  - B. Stability-oriented strategies are better supported with an organic organization design.
  - C. Growth-oriented strategies are better supported with a mechanistic organization design.
  - D. All of the above.
  - E. None of the above.
- E      GT      Fa
168. \_\_\_\_\_ will be more successful when supported by bureaucratic organizations using mechanistic designs.
- A. Organization-wide strategies.
  - B. Stability strategies.
  - C. Growth strategies.
  - D. Business strategies.
  - E. Long-term strategies.
- B      GT      Fa

169. \_\_\_\_\_ will be more successful when supported by adaptive organizations using organic designs.
- A. Organization-wide strategies.
  - B. Stability strategies.
  - C. Growth strategies.
  - D. Business strategies.
  - E. Long-term strategies.
- C      GT      Fa

### Technology

170. \_\_\_\_\_ is the combination of knowledge, skills, equipment, computers, and work methods used to transform resource inputs into organizational outputs.
- A. Strategy.
  - B. Technology.
  - C. A business plan.
  - D. An organizational system.
  - E. Job design.
- B      KT      Fa
171. Technology is the combination of \_\_\_\_\_ used to transform resource inputs into organizational outputs.
- A. Strategy and environment.
  - B. Tools and human resources.
  - C. Knowledge, skills, equipment, computers, and work methods.
  - D. Communication and decision making methods.
  - E. People, strategy, and culture.
- C      KT      Fa
172. Joan Woodward's study of technology and structure produced a classification system of core manufacturing technologies that included which of the following three categories?
- A. Small-batch, mass production, and continuous-process.
  - B. Intensive, mediating, and long-linked.
  - C. Short-, medium-, and long-linked.
  - D. Intensive, intermittent, and continuous process.
  - E. Low, medium, and high.
- A      GT      Fa
173. An organization that manufactures a variety of products crafted to fit customer specifications is using \_\_\_\_\_ technology.
- A. Continuous-process production.
  - B. Mediating.
  - C. Intensive.
  - D. Craft shop.
  - E. Small-batch.
- E      KT      Fa

174. An organization that produces large numbers of uniform products with an assembly-line system is using \_\_\_\_\_ technology.
- A. Continuous-process production.
  - B. Mass production.
  - C. Intensive.
  - D. Industrial linkage.
  - E. Long-linked.
- B      KT      Fa
175. An organization that produces a few products by continuously feeding raw materials through a highly automated production system with largely computerized controls is using \_\_\_\_\_ technology.
- A. Continuous-process production.
  - B. Mass production.
  - C. Intensive.
  - D. Supplier-linked.
  - E. Long-linked.
- A      KT      Fa
176. Which statement provides a correct match of work activity and the nature of the underlying technology?
- A. Automobile assembly at General Motors — small-batch production.
  - B. Automated chemical plants — continuous-process production.
  - C. Custom furniture restoration — mass production.
  - D. Oil refineries — mass production
  - E. Steel mills — small-batch production.
- B      GT      Ap
177. The primary implication of Joan Woodward's research into technologies and structures is that \_\_\_\_\_.
- A. Technology develops to match structural evolution.
  - B. Structural changes and technological development exhibit a random pattern.
  - C. Technology typically evolves from mass production to continuous-process to small-batch production.
  - D. Structural forms typically evolve from adaptive to organic to mechanistic to bureaucratic.
  - E. The right combination of structure and technology is critical to organizational success.
- E      GT      Fa
178. According to Joan Woodward's study of technology, the best small-batch and continuous-process plants had \_\_\_\_\_ structures.
- A. Mechanistic.
  - B. Bureaucratic.
  - C. Mediating.
  - D. Organic.
  - E. Long-linked.
- D      GT      Fa

179. According to Joan Woodward's study of technology, the best mass-production operations had \_\_\_\_\_ structures.
- A. Mechanistic.
  - B. Bureaucratic.
  - C. Mediating.
  - D. Organic.
  - E. Long-linked.
- A      GT      Fa
180. The assertion that technology is a major influence on organizational structure is known as \_\_\_\_\_.
- A. The technological theorem.
  - B. The technological imperative.
  - C. Schermerhorn's second law of organizational design.
  - D. The structural imperative.
  - E. The inevitability of progress.
- B      GT      Fa
181. Which of the following technology types are important for organizational design in service industries?
- A. Intensive, mediating, and long-linked.
  - B. Small-batch, mass production, and continuous-process.
  - C. Small-batch and mediating.
  - D. Mass-production and intensive.
  - E. Long-linked and continuous-process.
- A      GT      Fa
182. Technology that focuses the efforts of many people with special expertise on the needs of clients is defined as \_\_\_\_\_ technology.
- A. Mediating.
  - B. Long-linked.
  - C. Intensive.
  - D. Continuous-process.
  - E. Service.
- C      KT      Fa
183. Technology that links together parties seeking a mutually beneficial exchange of values is defined as \_\_\_\_\_ technology.
- A. Mediating.
  - B. Long-linked.
  - C. Intensive.
  - D. Continuous-process.
  - E. Service.
- A      KT      Fa

184. Technology that can function like mass production where a client is passed from point to point for various aspects of service delivery is defined as \_\_\_\_\_ technology.
- A. Mediating.
  - B. Long-linked.
  - C. Intensive.
  - D. Continuous-process.
  - E. Service.
- B      KT      Fa

### *Size and Life Cycle*

185. Which statement concerning company size (as measured by number of employees) is correct?
- A. Size is an incidental factor in organizational design because basic organizational forms can fit any size.
  - B. Organizations tend to adopt more organic structures as they increase in size.
  - C. Larger organizations tend to have more mechanistic structures than smaller organizations.
  - D. Pressures to increase specialization and differentiation lessen as an organization grows in size.
  - E. As companies grow in size they have less and less difficulty in adapting to changing environments.
- C      GT      Ap
186. As organizations grow in size, they tend to become \_\_\_\_\_ and subsequently tend to have \_\_\_\_\_ in adapting to a changing environment.
- A. More bureaucratic ... less difficulty.
  - B. More bureaucratic ... more difficulty.
  - C. Less bureaucratic ... more difficulty.
  - D. More organic ... less difficulty.
  - E. More organic ... more difficulty.
- B      GT      Ap
187. The evolution of an organization through different stages of growth is referred to as the \_\_\_\_\_.
- A. Organizational production stage.
  - B. Organizational production cycle.
  - C. Life cycle of growth.
  - D. Organizational life cycle.
  - E. Organizational marketing cycle.
- D      KT      Fa

188. Which of the following statements provide an accurate description of the organizational life cycle?
- A. In the birth stage of the organizational life cycle, the organization is relatively small and the structure is quite simple.
  - B. In the youth stage of the organizational life cycle, the organization starts to grow rapidly and management responsibilities extend among more people.
  - C. In the mid-life stage of the organizational life cycle, the organization has grown large, with a more complex and increasingly formal structure.
  - D. In the maturity stage of the organizational life cycle, the organization stabilizes at a large size, typically with a mechanistic structure.
  - E. All of these statements are accurate.
- E      GT      Fa
189. Ways of coping with the disadvantages of organizational size (bigness) include \_\_\_\_\_.
- A. Downsizing.
  - B. Encouraging intrapreneurship.
  - C. Using simultaneous structures.
  - D. All of the above.
  - E. None of the above.
- D      GT      Fa
190. \_\_\_\_\_ involves taking actions to reduce the scope of operations and number of employees.
- A. Inverse pyramiding.
  - B. Intrapreneurship.
  - C. Downsizing.
  - D. System simultaneity.
  - E. Technological leadership.
- C      GT      Fa
191. \_\_\_\_\_ is entrepreneurial behaviour by individuals and subunits within large organizations.
- A. Leadership.
  - B. Innovation.
  - C. Intrapreneurship.
  - D. Change leadership.
  - E. Creative activity.
- C      KT      Fa
192. Organizations that use both mechanistic and organic designs to meet the needs for production efficiency and continued innovation are called \_\_\_\_\_.
- A. Adaptive structures.
  - B. Simultaneous systems.
  - C. Mechoganic structures.
  - D. Innovative producers.
  - E. Efficient innovators.
- B      KT      Fa

193. A simultaneous “loose-tight” structure is characterized by all of the following properties EXCEPT:
- A. Work efforts are both centrally coordinated and highly interdependent.
  - B. Both limited information-processing capability and expanded information-processing capability are present.
  - C. Excels at simple/repetitive tasks and complex/unique tasks.
  - D. Serves the interests of stockholders and employees.
  - E. Good for production efficiency as well as innovation and creativity.
- D      GT      Fa

### **Human Resources**

194. A good organizational design provides people with the supporting structures they need to achieve \_\_\_\_\_ and \_\_\_\_\_ in their work.
- A. High performance ... high compensation.
  - B. High performance ... satisfaction.
  - C. Satisfactory performance ... satisfaction.
  - D. Satisfaction ... effective interpersonal relationships.
  - E. Self-management ... satisfaction.
- B      GT      Fa
195. The \_\_\_\_\_ on people-structure relationships is that there should be a good “fit” between organizational structures and human resources.
- A. Human resource management view.
  - B. Structural view.
  - C. Systems view.
  - D. Contingency view.
  - E. Strategic view.
- D      GT      Fa
196. The contingency view on people-structure relationships is that \_\_\_\_\_.
- A. All organizational structures should be designed to fit people who are effective team members and self-managers.
  - B. Human resources and organizational structures should not be linked to each other.
  - C. There should be a good “fit” between organizational structures and human resources.
  - D. Competent people can work effectively in any type of structure.
  - E. Organization structure should be eliminated since it constraints people’s creativity and freedom.
- C      GT      Fa
197. An important human resource issue in organization design is \_\_\_\_\_.
- A. Fringe benefits.
  - B. Unionization.
  - C. Skill.
  - D. Compensation.
  - E. Hiring policies and procedures.
- C      GT      Fa

198. In an age of information and knowledge workers, \_\_\_\_\_ designs with an emphasis on \_\_\_\_\_ are crucial.
- A. Functional ... employees' specialized expertise.
  - B. Organic ... employee empowerment.
  - C. Mechanistic ... employee empowerment.
  - D. Organic ... close supervision of employees.
  - E. Divisional ... employee self-determination.
- B      GT      Fa
199. Which statement about human resources and organizational design is inaccurate?
- A. The characteristics of individuals are important variables in organizational design.
  - B. Modern management theory views people-structure relationships in a contingency fashion.
  - C. There should be a good "fit" between organization structures and the people who staff them.
  - D. Organic designs with their emphasis on empowerment are of little value in an age of information and knowledge workers.
  - E. Organizational structure should support people's attempts to achieve both high performance and satisfaction.
- D      GT      Fa

### SUBSYSTEMS DESIGN AND INTEGRATION (STUDY QUESTION 3)

200. \_\_\_\_\_ is a work unit or department headed by a manager and that operates as a smaller component of a larger and total organizational system.
- A. A subsystem.
  - B. An upside-down pyramid.
  - C. An organization chart.
  - D. A workflow.
  - E. A work process.
- A      KT      Fa
201. Which statement concerning subsystems is incorrect?
- A. A subsystem is a single department or work unit, operating as a smaller component of a larger organization
  - B. A subsystem is headed by a manager.
  - C. A subsystem represents a smaller part of a larger organization.
  - D. A subsystem is designed under different principles than the all-encompassing organization.
  - E. A challenge of organizational design is to create subsystems that are mutually supporting.
- D      GT      Fa
202. Based on their study of the relationships between environmental uncertainty and systems design, Paul Lawrence and Jay Lorsch found that \_\_\_\_\_ in uncertain environments had more \_\_\_\_\_.
- A. Unsuccessful firms ... organic designs
  - B. Successful firms ... organic designs.
  - C. Successful firms ... mechanistic designs.
  - D. Small firms ... small-batch production technology.
  - E. Large firms ... long-linked technology.
- B      GT      Fa

203. Based on their study of the relationships between environmental uncertainty and systems design, Paul Lawrence and Jay Lorsch found that \_\_\_\_\_ in certain environments had more \_\_\_\_\_.
- A. Unsuccessful firms ... mechanistic designs.
  - B. Successful firms ... organic designs.
  - C. Successful firms ... mechanistic designs.
  - D. Small firms ... small-batch production technology.
  - E. Large firms ... long-linked technology.
- C      GT      Fa
204. In their study of systems and subsystems design, Paul Lawrence and Jay Lorsch found that \_\_\_\_\_.
- A. Successful firms had total system designs that matched their respective environments.
  - B. Subsystems in the successful firms worked well together, even though some had very different structures.
  - C. Subsystems in successful firms matched challenges of their respective subenvironments.
  - D. All of the above.
  - E. None of the above.
- D      GT      Fa

### **Subsystem Differentiation**

205. \_\_\_\_\_ is the degree of difference that exists between the internal components of the organization.
- A. Job diversity.
  - B. Differentiation.
  - C. Internal elaboration.
  - D. Departmentalization.
  - E. Structural elaboration.
- B      KT      Fa
206. All of the following are common sources of differentiation among subsystems EXCEPT:
- A. Differences in time orientation.
  - B. Differences in strategic orientation.
  - C. Differences in objectives.
  - D. Differences in interpersonal orientation.
  - E. Differences in formal structure.
- B      GT      Fa
207. If the manufacturing subsystem in a business firm has a more short-term action horizon than the research and development group, thus making it difficult for the two units to work together, they are experiencing differences in \_\_\_\_\_.
- A. Time orientation.
  - B. Strategic orientation.
  - C. Objectives.
  - D. Interpersonal orientation.
  - E. Formal structure.
- A      GT      Ap

208. If production managers are cost conscious but marketing managers are volume conscious, making it difficult for them to agree on solutions to common problems, they are experiencing differences in \_\_\_\_\_.
- A. Time orientation.
  - B. Strategic orientation.
  - C. Objectives.
  - D. Interpersonal orientation.
  - E. Formal structure.
- C      GT      Ap
209. If one unit manager has a strong “task” orientation, while a manager in another unit has a strong “people” orientation, integration between these units most likely will have to overcome differences in \_\_\_\_\_.
- A. Time orientation.
  - B. Strategic orientation.
  - C. Objectives.
  - D. Interpersonal orientation.
  - E. Formal structure.
- D      GT      Ap
210. One manager’s strict operating rules and procedures limit another manager’s discretion in interunit negotiation and flexible problem solving. These two managers are experiencing differences in \_\_\_\_\_.
- A. Time orientation.
  - B. Strategic orientation.
  - C. Objectives.
  - D. Interpersonal orientation.
  - E. Formal structure.
- E      GT      Ap

### **Subsystem Integration**

211. \_\_\_\_\_ is the level of coordination achieved among an organization’s internal components.
- A. Collabouration.
  - B. Internal control.
  - C. Integration.
  - D. Interdepartmental compromise.
  - E. Internal elaboration.
- C      KT      Fa
212. A basic problem in organizations that particularly affects subsystem design is that \_\_\_\_\_.
- A. As differentiation increases, integration also increases.
  - B. As differentiation increases, coordination decreases but integration becomes easier.
  - C. As differentiation increases, the need for integration increases but it becomes more difficult to accomplish.
  - D. As integration increases, differentiation decreases and the need for coordination also decreases.
  - E. As integration increases, the level of coordination achieved decreases the need for differentiation.
- C      GT      Ap

213. The use of rules and procedures, hierarchical referral, and planning work best as integrating mechanisms when \_\_\_\_\_.
- A. Differentiation is low.
  - B. Differentiation is high.
  - C. Process value is low.
  - D. Process value is moderate.
  - E. Process value is high.
- A MN Fa
214. \_\_\_\_\_ integrating mechanisms work best when \_\_\_\_\_.
- A. Horizontal ... differentiation is low.
  - B. Vertical ... differentiation is low.
  - C. Horizontal ... differentiation is eliminated.
  - D. Vertical ... differentiation is high.
  - E. None of the above is correct.
- B MN Fa
215. The use of direct contact between managers, liaison roles, task forces, teams, and matrix structures work best as integrating mechanisms when \_\_\_\_\_.
- A. Differentiation is low.
  - B. Differentiation is high.
  - C. Process value is low.
  - D. Process value is moderate.
  - E. Process value is high.
- B MN Fa
216. \_\_\_\_\_ coordination mechanisms work best when \_\_\_\_\_.
- A. Horizontal ... differentiation is high.
  - B. Vertical ... differentiation is high.
  - C. Horizontal ... differentiation is low.
  - D. Vertical ... differentiation is moderate to high.
  - E. None of the above is correct.
- A GT Fa
217. All of the following are ways to improve subsystems integration EXCEPT:
- A. Rules and procedures.
  - B. Task forces.
  - C. Matrix organizations.
  - D. Divisional organizations.
  - E. Liaison roles.
- D MN Fa
218. Which of the following is NOT a mechanism for improving subsystems integration?
- A. Planning.
  - B. Indirect contact among managers.
  - C. Liaison roles.
  - D. Hierarchical referral.
  - E. Teams.
- B MN Fa

**WORK PROCESS DESIGN (STUDY QUESTION 4)**

219. According to Michael Hammer, \_\_\_\_\_ is the systematic and complete analysis of work processes and the design of new and better ones.
- A. Process redesigning.
  - B. Process reengineering.
  - C. Process resurfacing.
  - D. Process restructuring.
  - E. Systems process analysis and design.

B      KT      Fa

220. The goal of process reengineering is to focus attention on all of the following EXCEPT:
- A. Improving customer satisfaction.
  - B. Improving work performance.
  - C. Breaking people and mindsets away from habits.
  - D. Eliminating preoccupation with past accomplishments.
  - E. Continuing the existing ways of doing things.

E      GT      Fa

**What Is a Work Process?**

221. \_\_\_\_\_ refer(s) to a group of related tasks that together create value for the customer.
- A. A job description.
  - B. Job responsibilities.
  - C. A work process.
  - D. Job relationships.
  - E. A task group.

C      KT      Fa

222. According to Michael Hammer, which of the following is NOT a key characteristic of a work process?
- A. Tasks are viewed as a group rather than in isolation.
  - B. Everyone must share a common goal.
  - C. The focus is on accomplishments, not activities.
  - D. Everyone is rewarded equally.
  - E. Customers are the ones who really count.

D      GT      Fa

223. \_\_\_\_\_ refers to the way work moves from one point to another in the manufacturing or service delivery processes.
- A. Work process.
  - B. Workflow.
  - C. Technical flow.
  - D. Operations management.
  - E. Work delivery plan.

B      KT      Fa

224. Which of the following is NOT a correct description of some attribute of workflow?
- A. Workflow refers to the movement of work from one point to another in a system.
  - B. The various steps of a work process must be completed to achieve desired results, and they typically must be completed in a given order.
  - C. An important starting point for reengineering is to diagram workflows.
  - D. Each step in the workflow should be analyzed to determine whether or not it is adding value.
  - E. Special attention should be given to eliminating the role of technology in the work process.
- E      GT      Fa

### ***How to Reengineer Core Processes***

225. Through \_\_\_\_\_, an organization's core processes are identified and carefully evaluated for their contributions to performance.
- A. Value chain analysis.
  - B. Process value systems.
  - C. Process value analysis.
  - D. Alternative analysis control.
  - E. Systems design.
- C      KT      Fa
226. In \_\_\_\_\_, each step in the workflow is examined to determine if it is important, useful, and contributing to the value added.
- A. Value chain analysis.
  - B. Process value systems.
  - C. Alternative analysis control.
  - D. Process value analysis.
  - E. Systems design.
- D      GT      Fa
227. In reengineering core processes, managers should do all of the following EXCEPT:
- A. Identify the core processes.
  - B. Map the core processes with respect to workflows.
  - C. Evaluate all tasks for the core processes.
  - D. Identify the organization's key strategic objectives.
  - E. Search for ways to eliminate unnecessary tasks or work.
- D      GT      Fa
228. In reengineering core processes, managers should do all of the following EXCEPT:
- A. Evaluate the validity of the organization's mission.
  - B. Evaluate all tasks for the core processes.
  - C. Search for ways to eliminate unnecessary tasks or work.
  - D. Search for ways to eliminate delays, errors, and misunderstandings.
  - E. Search for efficiencies in how work is shared and transferred among people and departments.
- A      GT      Fa

**Process-Driven Organizations**

229. \_\_\_\_\_ is/are central to Michael Hammer's approach to process reengineering.
- A. Customers.
  - B. Efficiency.
  - C. Teamwork.
  - D. All of the above.
  - E. None of the above.
- D      GT      Fa
230. An important goal of \_\_\_\_\_ is redesigning core processes to establish control for them with an identifiable group of people.
- A. Process reengineering.
  - B. Cultural management.
  - C. Corporate social responsibility.
  - D. Mechanistic organization design.
  - E. Bureaucracy.
- A      GT      Fa
231. Focusing each person and the entire system on meeting customer needs and expectations is a major purpose of \_\_\_\_\_.
- A. Cultural management.
  - B. Corporate social responsibility.
  - C. Process reengineering.
  - D. Mechanistic organization design.
  - E. Bureaucracy.
- C      GT      Fa
232. Eliminating duplication of work and systems bottlenecks is a prime objective of \_\_\_\_\_.
- A. Cultural management.
  - B. Corporate social responsibility.
  - C. Mechanistic organization design.
  - D. Bureaucracy.
  - E. Process reengineering.
- E      GT      Fa
233. Reducing costs and increasing efficiency while creating the ever-present capacity for change is one of the prime objectives of \_\_\_\_\_.
- A. Cultural management.
  - B. Corporate social responsibility.
  - C. Process reengineering.
  - D. Mechanistic organization design.
  - E. Bureaucracy.
- C      GT      Fa

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## Multiple Choice Questions

### CHAPTER INTRODUCTION

156. Which of the following statements accurately characterize effective leaders in the contemporary world?
- A. Leaders understand the diversity of people's gifts, talents, and skills.
  - B. When leaders recognize the unique qualities of other people, they are less inclined to believe that they — as leaders — know what is best.
  - C. Great leaders are able to bring out the best in other people.
  - D. A and C.
  - E. A, B, and C.
- E GT Ap

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### THE NATURE OF LEADERSHIP (STUDY QUESTION 1)

157. \_\_\_\_\_ is the process of inspiring others to work hard to accomplish important tasks.
- Management.
  - Motivation.
  - Culture building.
  - Leadership.
  - Teamwork.
- D      KT      Fa
158. Which of the following gives the BEST description of the management function called leading?
- Determining what is to be achieved, setting goals, and identifying appropriate steps.
  - Monitoring performance, comparing results, and taking corrective action.
  - Defining tasks, assigning personnel, and supporting them with resources.
  - Setting goals, allocating resources, and giving corrective feedback.
  - Building commitment and enthusiasm for people to apply their talents to help accomplish plans.
- E      GT      Fa
159. Leading is related to the other management functions. Specifically, \_\_\_\_\_ sets the direction and objectives; \_\_\_\_\_ brings the resources together to turn plans into action; \_\_\_\_\_ builds the commitments and enthusiasm needed for people to apply their talents fully to help accomplish plans; and \_\_\_\_\_ makes sure things turn out right.
- Planning ... leading ... organizing ... controlling.
  - Leading ... planning ... organizing ... controlling.
  - Planning ... organizing ... leading ... controlling.
  - Organizing ... planning ... leading ... controlling.
  - Leading ... organizing ... planning ... controlling.
- C      GT      Fa
160. Leadership challenges in the modern workplace include all of the following EXCEPT:
- Shorter time frames for accomplishing things.
  - Expectations for success on the first attempt.
  - Complex, ambiguous, and multidimensional problems to be solved.
  - Maintenance of the status quo in a complex and dynamic business environment.
  - Necessity for taking a long-term view even while meeting short-term performance demands.
- D      GT      Fa

### Leadership and Vision

161. Vision, which is frequently associated with effective leadership, refers to \_\_\_\_\_.
- The leader's capacity to plan, organize, and control.
  - A future that one hopes to create or achieve in order to improve upon the present state of affairs.
  - The ability to spontaneously take charge in a group situation.
  - The leader's capacity to influence superiors.
  - The knowledge of when to use position power and when not use it.
- B      KT      Fa

162. \_\_\_\_\_ describes a leader who brings to the situation a clear and compelling sense of the future as well as an understanding of the actions needed to get there successfully.
- A. Visionary leadership.
  - B. Participative leadership.
  - C. Consultative leadership.
  - D. Charismatic leadership.
  - E. Transformational leadership.
- A      KT      Fa
163. The challenges of visionary leadership go substantially beyond \_\_\_\_\_.
- A. Making long-term plans and drafting budgets better than anyone else.
  - B. Excelling at creating organizational structures and assigning people to jobs.
  - C. Ensuring that results compare favorably with original plans.
  - D. Alternatives A and B.
  - E. Alternatives A, B, and C.
- E      GT      Fa
164. Which of the following is NOT a core principle that should be practiced by managers who want to meet the challenges of visionary leadership?
- A. Be a team player.
  - B. Be a pioneer.
  - C. Be a consistent role model of behaviour.
  - D. Be enthusiastic and inspire others to share a common vision.
  - E. Be first with ideas and right in all you do.
- E      MN      Fa
165. The principles for meeting the challenges of visionary leadership include all of the following EXCEPT:
- A. Be a pioneer, encouraging innovation and supporting people who have ideas.
  - B. Inspire others through personal example to share in a common vision.
  - C. Be a team player and support the efforts and talents of others.
  - D. Keep emotion out of the workplace.
  - E. Provide a consistent model of how others can and should act.
- D      MN      Fa

### ***Power and Influence***

166. The ability to get someone else to do something you want done or to make things happen the way you want is called \_\_\_\_\_.
- A. Leadership.
  - B. Political behaviour.
  - C. Manipulation.
  - D. Control.
  - E. Power.
- E      KT      Fa

167. Which of the following statements is/are accurate?
- A. Power is essential to executive success.
  - B. For executive success to occur, the use of power should reflect the desire to influence and control others for the good of the group or organization as a whole.
  - C. For executive success to occur, the use of power should reflect the desire to control for personal satisfaction.
  - D. A and B.
  - E. A and C.
- D      GT      Fa
168. Which of the following statements accurately describe the positive face of power?
- A. It is the foundation of effective leadership.
  - B. It is the ability to make things happen for the good of the group as a whole.
  - C. It is the ability to make things happen for the good of the organization as a whole.
  - D. All of the above.
  - E. None of the above.
- D      GT      Fa
169. Reward power, coercive power, and legitimate power are different types of \_\_\_\_\_.
- A. Formal leadership.
  - B. Position power.
  - C. Informal leadership.
  - D. Personal power.
  - E. Directive leadership.
- B      GT      Fa
170. The three types of position power are \_\_\_\_\_, and \_\_\_\_\_.
- A. Legitimate ... expert ... coercive.
  - B. Coercive ... expert ... reward.
  - C. Reward ... legitimate ... coercive.
  - D. Referent ... reward ... legitimate.
  - E. Expert ... referent ... legitimate.
- C      GT      Fa
171. Which of the following would NOT be considered a source of position power for a manager?
- A. The ability to give special monetary rewards to deserving subordinates.
  - B. Possession of a charismatic personality.
  - C. The ability to recommend disciplinary action for subordinates.
  - D. Being a high-ranking executive in the company.
  - E. The flexibility to schedule some subordinates into the most desirable job assignments.
- B      GT      Ap

172. \_\_\_\_\_ is the ability to influence the behaviour of other people because of one's capacity to offer positive outcomes.
- A. Legitimate power.
  - B. Expert power.
  - C. Coercive power.
  - D. Referent power.
  - E. Reward power.
- E      KT      Fa
173. What type of power does a manager exercise when he or she offers pay raises, bonuses, special assignments, or compliments as incentives to subordinates?
- A. Legitimate power.
  - B. Expert power.
  - C. Coercive power.
  - D. Referent power.
  - E. Reward power.
- E      GT      Ap
174. \_\_\_\_\_ is the ability to influence the behaviour of other people because of one's capacity to punish or withhold positive outcomes.
- A. Legitimate power.
  - B. Expert power.
  - C. Coercive power.
  - D. Referent power.
  - E. Reward power.
- C      KT      Fa
175. A manager who withholds positive outcomes, such as special assignments or bonuses as a means for controlling the behaviour of employees is using \_\_\_\_\_ power.
- A. Legitimate.
  - B. Expert.
  - C. Coercive.
  - D. Referent.
  - E. Reward.
- C      GT      Ap
176. \_\_\_\_\_ is the ability to influence the behaviour of other people because of one's organizational position or status.
- A. Legitimate power.
  - B. Expert power.
  - C. Coercive power.
  - D. Referent power.
  - E. Reward power.
- A      KT      Fa

177. When Linda, a manager in a department store, tells someone to do something and refers to the fact that she is the boss and therefore the other person must do as asked, she is trying to use \_\_\_\_\_ power to influence the other person's behaviour.
- A. Personal.
  - B. Referent.
  - C. Legitimate.
  - D. Coercive.
  - E. Formal.
- C GT Ap
178. Expert power and referent power are different types of \_\_\_\_\_.
- A. Formal leadership.
  - B. Position power.
  - C. Informal leadership.
  - D. Personal power.
  - E. Transformational leadership.
- D GT Fa
179. The two types of personal power are \_\_\_\_\_ and \_\_\_\_\_.
- A. Legitimate ... expert.
  - B. Coercive ... expert.
  - C. Coercive ... legitimate.
  - D. Referent ... legitimate.
  - E. Expert ... referent.
- E GT Fa
180. Which of the following would NOT be considered a source of personal power for a manager?
- A. The ability to influence because of special expertise.
  - B. Possession of a charismatic personality.
  - C. The ability to influence through personal identification.
  - D. Holding a high-ranking title in the management hierarchy.
  - E. Having specific knowledge to solve a problem.
- D GT Fa
181. \_\_\_\_\_ is the ability to influence the behaviour of other people because of one's special expertise.
- A. Legitimate power.
  - B. Expert power.
  - C. Coercive power.
  - D. Referent power.
  - E. Reward power.
- B KT Fa

182. Ralph makes it a point to always offer help in technical areas in which he is skilled and knowledgeable. His subordinates trust his judgment, and form one of the most productive units in the company. What type of power is Ralph exerting?
- A. Legitimate power.
  - B. Expert power.
  - C. Coercive power.
  - D. Referent power.
  - E. Reward power.
- B GT Ap
183. \_\_\_\_\_ is the ability to influence the behaviour of other people through identification.
- A. Legitimate power.
  - B. Expert power.
  - C. Coercive power.
  - D. Referent power.
  - E. Reward power.
- D KT Fa
184. When a manager's charisma or interpersonal attractiveness is used to influence the behaviour of subordinates, the manager is using \_\_\_\_\_.
- A. Referent power.
  - B. Human relations leadership.
  - C. Expert power.
  - D. Position power.
  - E. Participative leadership.
- A GT Ap
185. Successful leadership depends on acquiring and appropriately utilizing \_\_\_\_\_.
- A. Legitimate power.
  - B. Reward power and coercive power.
  - C. Expert power.
  - D. Referent power.
  - E. All sources of power
- E GT Fa
186. Which of the following items provide an accurate description of the outcome(s) that usually result(s) from a leader's use of a particular source of power?
- A. The use of reward power or legitimate power usually produces temporary compliance.
  - B. The use of coercive power produces, at best, temporary compliance, often accompanied by resistance.
  - C. The use of expert power or referent power tends to generate commitment.
  - D. All of the above are accurate descriptions.
  - E. None of the above is an accurate description.
- D GT Fa

187. In building and using personal power, managers should remember certain key points. Which of the following is NOT one of these key points?
- A. There is no substitute for expertise.
  - B. Managers should become embedded in a broad network of interpersonal contacts and information flows.
  - C. Likable personal qualities are very important.
  - D. Effort and hard work breed respect.
  - E. Personal behaviour must support expressed values.
- B      GT      Fa
188. Good managers build or enhance their position power by acting in which of the following ways?
- A. Establishing networks of interpersonal contacts and getting involved in the important information flows within them.
  - B. Taking good care of others who are dependent on them.
  - C. Becoming known as an influential person in the organization.
  - D. All of the above.
  - E. None of the above.
- D      GT      Fa
189. Effective managers build or enhance their position power by capitalizing on \_\_\_\_\_.
- A. Centrality.
  - B. Criticality.
  - C. Visibility.
  - D. A and B above.
  - E. A, B, and C above.
- E      GT      Fa

***Ethics and the Limits to Power***

190. Chester Barnard's \_\_\_\_\_ identifies four conditions that determine whether a leader's directives will be followed and true influence achieved.
- A. Acceptance theory of authority.
  - B. Personal power theory.
  - C. Position power theory.
  - D. Centralized influence theory.
  - E. Follower theory of influence.
- A      GT      Fa
191. In the acceptance theory of authority, there are certain conditions that determine whether a leader's directives will be followed and true influence achieved. Which of the following is NOT one of these conditions?
- A. The other person must truly understand the directive.
  - B. The other person must feel capable of carrying out the directive.
  - C. The other person must be motivated to carry out the directive.
  - D. The other person must believe that the directive is in the organization's best interests.
  - E. The other person must believe that the directive is consistent with his/her personal values.
- C      GT      Fa

192. In using the acceptance theory of authority as a starting point for resolving ethical dilemmas, a follower should always ask:
- A. Where do I (or will I) draw the line?
  - B. At what point do I (or will I) refuse to comply with requests?
  - C. When will I say no?
  - D. All of the above.
  - E. None of the above.
- D      GT      Fa

### ***Leadership and Empowerment***

193. The process that managers use to enable and help others to gain power and achieve influence within the organization is known as \_\_\_\_\_.
- A. Planning.
  - B. Organizing.
  - C. Empowerment.
  - D. Authority.
  - E. Motivating.
- C      KT      Fa
194. Effective leaders empower others by providing them with the \_\_\_\_\_ to make decisions and act independently within their areas of expertise.
- A. Information, problem-solving techniques, team cohesiveness, and information technology.
  - B. Responsibility, concern for people, concern for task, and supportive style.
  - C. Authority, task directions, task orientation, and information technology.
  - D. Trust, task needs, maintenance needs, and participation.
  - E. Information, responsibility, authority, and trust.
- E      GT      Fa
195. Effective leaders \_\_\_\_\_ others by providing them with the information, responsibility, authority, and trust to make decisions and act independently within their areas of expertise.
- A. Control.
  - B. Influence.
  - C. Empower.
  - D. Direct.
  - E. Mentor.
- C      GT      Fa
196. Which of the following is NOT one of the perspectives on empowerment that effective leaders share?
- A. Power in organizations is not a zero-sum quantity.
  - B. When people feel powerful, they are more willing to make decisions.
  - C. When people feel powerful, they are more willing to take the actions needed to get their jobs done.
  - D. When people feel powerful, they are more willing to challenge and even resist the organization's leaders.
  - E. Success in contemporary companies may depend on how much power can be mobilized throughout the organization's workforce.
- D      GT      Fa

197. Leadership through empowerment can be exercised by \_\_\_\_\_.
- A. Getting others involved in selecting work assignments and methods for accomplishing them.
  - B. Finding out what others think and letting them help design the solutions.
  - C. Maintaining high morale and confidence by recognizing success and encouraging high performance.
  - D. All of the above.
  - E. None of the above.
- D      MN      Fa
198. Which is NOT a tip regarding how to empower others?
- A. Get others involved in selecting their work assignments.
  - B. Encourage others to take initiative and make decisions.
  - C. Create an environment of cooperation, information sharing, and shared ownership of goals.
  - D. Provide close supervision and tight control.
  - E. Let others put their ideas and solutions into practice.
- D      MN      Fa

### **LEADERSHIP TRAITS AND BEHAVIOURS (STUDY QUESTION 2)**

#### *Search for Leadership Traits*

199. \_\_\_\_\_ theories of leadership address the question of: “What personal characteristics separate effective leaders from ineffective leaders?”
- A. Trait.
  - B. Behavioural.
  - C. Contingency.
  - D. Situational.
  - E. Path-goal.
- A      GT      Fa
200. The \_\_\_\_\_ approach to the study of leadership focuses on a leader’s personal characteristics as the primary determinants of leadership success.
- A. Trait.
  - B. Behavioural.
  - C. Contingency.
  - D. Situational.
  - E. Path-goal.
- A      GT      Fa

201. Which of the following statements accurately describe the search for traits that characterize effective leaders?
- A. Certain personal traits do seem to identify successful leadership, although they must always be considered along with situational factors.
  - B. Research indicates that physical traits such as height, weight, and physique have no relationship to leadership success.
  - C. Some personal traits, such as drive, self-confidence, creativity, cognitive ability, business knowledge, motivation, flexibility, and honesty and integrity are considered to be important for leadership success.
  - D. All of the above statements are accurate.
  - E. None of the above statements are accurate.

D GT Fa

202. Personal traits that are common among successful leaders include all of the following EXCEPT:
- A. Drive, motivation, and self-confidence.
  - B. Honesty and integrity.
  - C. Cognitive ability and business knowledge.
  - D. Being a people person.
  - E. Creativity and flexibility.

D GT Fa

**Focus on Leadership Behaviours**

203. \_\_\_\_\_ is concerned with the recurring pattern of behaviours exhibited by a leader.

- A. Behavioural leadership theory.
- B. Situational control.
- C. Supportive leadership.
- D. Leadership style.
- E. Democratic leadership.

D KT Fa

204. According to leader behaviour research, a manager who plans the work to be done, assigns task responsibilities, sets clear work standards, and monitors performance results is \_\_\_\_\_.

- A. High in concern for task.
- B. High in concern for people.
- C. Low in concern for task.
- D. Low in concern for people.
- E. Low in concern for task, high in concern for people.

A GT Fa

205. A manager who has high concern for task uses a leadership style that emphasizes all of the following EXCEPT:

- A. Planning and defining work to be done.
- B. Assigning task responsibilities.
- C. Setting clear work standards.
- D. Trusting subordinates.
- E. Monitoring task performance.

D GT Fa

206. In the leadership literature, “concern for task” is also known as \_\_\_\_\_.
- A. Initiating structure.
  - B. Task orientation.
  - C. Consideration.
  - D. A and B.
  - E. A and C.
- D      GT      Fa
207. According to leader behaviour research, a manager who acts warm and supportive toward followers, maintains good social relations with them, respects their feelings, is sensitive to their needs, and shows trust in them is \_\_\_\_\_.
- A. High in concern for task.
  - B. High in concern for people.
  - C. Low in concern for people.
  - D. Low in concern for task.
  - E. High in concern for task, low in concern for people.
- B      GT      Fa
208. A manager who has high concern for people uses a leadership style that emphasizes all of the following EXCEPT:
- A. Developing rapport with followers and respecting their feelings.
  - B. Acting warm and supportive toward followers.
  - C. Being sensitive to followers’ needs.
  - D. Showing trust in followers.
  - E. Planning and assigning followers’ work and setting clear work standards.
- E      GT      Fa
209. In the leadership literature, “concern for people” is also known as \_\_\_\_\_.
- A. Initiating structure.
  - B. Consideration.
  - C. Relationship orientation.
  - D. A and C.
  - E. B and C.
- E      GT      Fa
210. The Blake and Mouton Leadership Grid® identifies alternative leadership styles that reflect different combinations of \_\_\_\_\_.
- A. Concern for task and concern for people.
  - B. Consideration and employee-centeredness.
  - C. Consideration and relationship orientation.
  - D. Initiating structure and job-centeredness.
  - E. Initiating structure and task orientation.
- A      GT      Fa

211. In the Blake and Mouton Leadership Grid®, \_\_\_\_\_ is the preferred leadership style that reflects a high concern for both people and the task.
- A. Team management.
  - B. Authority-obedience management.
  - C. Country club management.
  - D. Impoverished management.
  - E. Middle-of-road management.
- A GT Fa
212. In the Blake and Mouton Leadership Grid®, \_\_\_\_\_ reflects a high concern for the task and a low concern for people.
- A. Team management.
  - B. Authority-obedience management.
  - C. Country club management.
  - D. Impoverished management.
  - E. Middle-of-road management.
- B GT Fa
213. In the Blake and Mouton Leadership Grid®, \_\_\_\_\_ reflects a high concern for people and a low concern for the task.
- A. Team management.
  - B. Authority-obedience management.
  - C. Country club management.
  - D. Impoverished management.
  - E. Middle-of-road management.
- C GT Fa
214. In the Blake and Mouton Leadership Grid®, \_\_\_\_\_ reflects a low concern for both the task and people.
- A. Team management.
  - B. Authority-obedience management.
  - C. Country club management.
  - D. Impoverished management.
  - E. Middle-of-road management.
- D GT Fa
215. In the Blake and Mouton Leadership Grid®, \_\_\_\_\_ reflects a moderate emphasis on both task and people concerns.
- A. Team management.
  - B. Authority-obedience management.
  - C. Country club management.
  - D. Impoverished management.
  - E. Middle-of-road management.
- E GT Fa

*Classic Leadership Styles*

216. A(n) \_\_\_\_\_ of leadership emphasizes task over people, keeps authority and information within the leader's tight control, and acts in a unilateral command-and-control fashion.  
 A. Moral style.  
 B. Autocratic style.  
 C. Laissez-faire style.  
 D. Democratic style.  
 E. Good old-fashioned style.  
 B      KT      Fa
217. A(n) \_\_\_\_\_ of leadership shows little concern for task, lets the group make decisions, and acts with a "do the best you can and don't bother me" attitude.  
 A. Moral style.  
 B. Autocratic style.  
 C. Laissez-faire style.  
 D. Democratic style.  
 E. Good old-fashioned style.  
 C      KT      Fa
218. A(n) \_\_\_\_\_ of leadership is committed to both task and people, getting things done while sharing information, encouraging participation in decision making, and helping people develop their skills and competencies.  
 A. Moral style.  
 B. Autocratic style.  
 C. Laissez-faire style.  
 D. Democratic style.  
 E. Good old-fashioned style.  
 D      KT      Fa

**CONTINGENCY APPROACHES TO LEADERSHIP (STUDY QUESTION 3)**

219. \_\_\_\_\_ attempt to answer the question: "When and under what circumstances is a particular leadership style preferable to others?"  
 A. Power-based approaches to leadership.  
 B. Trait approaches to leadership.  
 C. Behavioural approaches to leadership.  
 D. Contingency approaches to leadership.  
 E. Ethical approaches to leadership.  
 D      GT      Fa
220. Modern leadership theories reflect a(n) \_\_\_\_\_ that attempts to match situational demands with appropriate leader behaviours.  
 A. Contingency perspective  
 B. Trait perspective.  
 C. Systems perspective.  
 D. Power perspective.  
 E. Ethical influence perspective.  
 A      GT      Fa

**Fiedler's Contingency Model**

221. The basic premise of Fiedler's contingency theory is that leadership success depends on \_\_\_\_\_.
- A. The manager's relationship with the employees.
  - B. The manager's ability to change styles, given the situation.
  - C. The match between leadership style and situational demands.
  - D. The personality of the manager and the employees.
  - E. The manager's knowledge of the work situation.
- C      GT      Fa
222. In Fiedler's contingency model, the \_\_\_\_\_ scale is used to measure a person's leadership style.
- A. Leader personality contingency.
  - B. Leadership profile categorization.
  - C. Least-preferred coworker.
  - D. Leader participation contingencies.
  - E. Leadership power concerns.
- C      GT      Fa
223. In Fiedler's contingency model, a person's leadership style is described as either \_\_\_\_\_ or \_\_\_\_\_.
- A. Task-motivated ... relationship-motivated.
  - B. Team manager ... impoverished manager.
  - C. Delegating ... participating
  - D. Selling ... telling
  - E. Supportive ... achievement-oriented.
- A      GT      Fa
224. Fred Fiedler, the developer of the contingency theory of leadership, asserts that four of the five following statements are true. Which statement is NOT true from Fiedler's perspective?
- A. Leadership style is part of one's personality.
  - B. Competent leaders can adapt their behavioural styles to fit the demands of differing situations they encounter.
  - C. Leadership style must be fit to the situation.
  - D. Leadership style is relatively enduring and difficult to change.
  - E. The amount of situational control is crucial in determining the correct style-situation fit.
- B      GT      Fa
225. What are the three variables that determine a leader's situational control according to Fiedler's contingency theory?
- A. Referent power, leadership style, and task structure.
  - B. Personal power, leadership style, and leader-member relations.
  - C. Expert power, task structure, and leader-member relations.
  - D. Position power, task structure, and leader-member relations.
  - E. Expert power, leadership style, and task structure.
- D      GT      Fa

226. The quality of leader-member relations refers to the degree to which \_\_\_\_\_.
- A. The group supports the leader.
  - B. Task goals, procedures, and guidelines are clear.
  - C. A leader has the power to reward and punish subordinates.
  - D. A leader can predict the behaviour of group members.
  - E. Group members identify with the leader as a person.
- A      GT      Fa
227. The extent to which task goals, procedures, and guidelines are clearly spelled out is called \_\_\_\_\_.
- A. Quality of leader-member relations.
  - B. Amount of position power.
  - C. Leadership style.
  - D. Degree of task structure.
  - E. Situational control.
- D      GT      Fa
228. The extent to which the position gives the leader power to reward and punish subordinates is called \_\_\_\_\_.
- A. Quality of leader-member relations.
  - B. Amount of position power.
  - C. Leadership style.
  - D. Degree of task structure.
  - E. Situational control.
- B      GT      Fa
229. Assume you are the supervisor of a group of bank tellers. Your subordinates are highly supportive, their jobs are well defined, and you have clear authority to evaluate and reward their performance. Which of the following leadership styles would be most recommended based upon Fiedler's theory?
- A. Task-oriented.
  - B. Relationship-oriented.
  - C. Human relations.
  - D. Team-oriented.
  - E. Achievement-oriented.
- A      GT      Ap
230. Suppose that the following features characterize the leadership situation in a specific work team: (a) The skills required in each team member's job, the order in which tasks are to be performed, and the interdependencies among the various jobs are all clearly defined. (b) The supervisor frequently criticizes team members and readily punishes them because he has the power to do so. (c) Because the supervisor is punitive, the team members try to undermine his authority and sabotage his leadership. Which leadership style likely would be most effective in this situation?
- A. Task-oriented.
  - B. Relationship-oriented.
  - C. Human relations.
  - D. Team-oriented.
  - E. Achievement-oriented.
- B      GT      Ap

231. One guiding proposition of Fiedler's contingency theory of leadership is that a \_\_\_\_\_ style works best in low-control situations and a \_\_\_\_\_ style works best in high-control situations.
- A. Task-oriented ... relationship-oriented.
  - B. Relationship-oriented ... task-oriented.
  - C. Task-oriented ... task-oriented.
  - D. Relationship-oriented ... relationship-oriented.
  - E. Achievement-oriented ... supportive.
- C      GT      Fa
232. One guiding proposition of Fiedler's contingency theory of leadership is that a \_\_\_\_\_ style works best in \_\_\_\_\_ situations.
- A. Task-oriented ... moderate-control.
  - B. Relationship-oriented ... high-control.
  - C. Relationship-oriented ... low-control.
  - D. Relationship-oriented ... moderate-control.
  - E. Achievement-oriented ... moderate-control.
- D      GT      Fa

### ***Hersey-Blanchard Situational Leadership Model***

233. The basic premise of the Hersey-Blanchard situational leadership model is that \_\_\_\_\_.
- A. Managers should find situations that suit their leadership style.
  - B. Managers should first define the situational demands of the work setting.
  - C. Managers should determine the amount of situational control they believe they have in each situation.
  - D. Managers should adjust their leadership styles depending on the readiness of the followers to perform in a given situation.
  - E. Managers should use the leadership style that is most comfortable for them.
- D      GT      Fa
234. According to Hersey and Blanchard's situational leadership model, employee readiness is determined by \_\_\_\_\_.
- A. Ability, willingness, and confidence of the followers in performing required tasks.
  - B. Position power, task structure, and leader-member relations.
  - C. Task, relationship, and decision-making ability of the followers.
  - D. Motivation, desire, and control of the leader.
  - E. Intelligence, ability, and motivation of the followers.
- A      GT      Fa
235. Which of the following leadership styles and task-relationship combinations is/are correctly matched?
- A. Delegating is a low-task, low-relationship style.
  - B. Participating is a low-task, high-relationship style.
  - C. Selling is a high-task, high-relationship style.
  - D. Telling is a high-task, low-relationship style.
  - E. All of these are correctly matched.
- E      GT      Fa

236. In Hersey and Blanchard's situational leadership model, a manager who allows the group to make and take responsibility for task decisions uses which leadership style?
- A. Telling.
  - B. Participating.
  - C. Delegating.
  - D. Asking.
  - E. Selling.
- C GT Fa
237. In Hersey and Blanchard's situational leadership model, a manager who emphasizes the sharing of ideas and decision making uses which leadership style?
- A. Congenial.
  - B. Delegating.
  - C. Participating.
  - D. Asking.
  - E. Selling.
- C GT Fa
238. In Hersey and Blanchard's situational leadership model, a manager who explains task directions persuasively and with much support uses which leadership style?
- A. Telling.
  - B. Selling.
  - C. Delegating.
  - D. Directing.
  - E. Participating.
- B GT Fa
239. In Hersey and Blanchard's situational leadership model, a manager who gives specific task directions and closely supervises work progress uses which leadership style?
- A. Telling.
  - B. Participating.
  - C. Delegating.
  - D. Asking.
  - E. Selling.
- A GT Fa
240. Mike is highly capable of performing his job in terms of ability, willingness, and confidence. According to Hersey and Blanchard, which style would work best in this situation?
- A. Telling.
  - B. Selling.
  - C. Directing.
  - D. Delegating.
  - E. Participating.
- D GT Ap

241. Janice is not very capable of performing her job in terms of ability, willingness, and confidence. According to Hersey and Blanchard, which style would work best in this situation?
- A. Telling.
  - B. Selling.
  - C. Directing.
  - D. Delegating.
  - E. Participating.
- A GT Ap
242. Denise is very capable of performing her new job assignment but seems to be unwilling or insecure in meeting the demands of the assignment. According to Hersey and Blanchard, which style would work best in this situation?
- A. Telling.
  - B. Selling.
  - C. Directing.
  - D. Delegating.
  - E. Participating.
- E GT Ap
243. Karl is willing and exudes an aura of confidence in taking on his new tasks. However, he lacks adequate experience and skills to do the job. According to Hersey and Blanchard, which style would work best in this situation?
- A. Telling.
  - B. Selling.
  - C. Directing.
  - D. Delegating.
  - E. Participating.
- B GT Ap

### *House's Path-Goal Leadership Theory*

244. The basic premise of House's path-goal contingency leadership theory is that \_\_\_\_\_.
- A. Effective leaders should adapt their style to suit the employee.
  - B. Since leadership style is part of the individual's basic character, effective leaders will find a situation most suitable to their style.
  - C. Managers can be taught the one best leadership style.
  - D. Effective leaders clarify the path through which followers can achieve both task-related and personal goals.
  - E. Effective leaders provide the motivation for their followers to achieve organizational objectives.
- D GT Fa

245. According to House's path-goal leadership model, which of the following behaviours is part of a directive leadership style?
- A. Showing concern for the status and needs of subordinates.
  - B. Soliciting the suggestions of subordinates.
  - C. Displaying confidence that subordinates are able to meet high standards.
  - D. Treating subordinates as equals.
  - E. Maintaining definite standards of performance.
- E GT Fa
246. According to House's path-goal leadership theory, a manager who \_\_\_\_\_ is showing a supportive leadership style
- A. Lets subordinates know what performance is expected.
  - B. Urges subordinates to perform at their highest level.
  - C. Consults with subordinates before making job changes.
  - D. Treats subordinates as equals and acts friendly toward them.
  - E. Uses subordinates' suggestions in making decisions.
- D GT Fa
247. According to House's path-goal model, which of the following behaviours is part of achievement-oriented leadership?
- A. Showing concern for the status and needs of subordinates.
  - B. Soliciting the suggestions of subordinates.
  - C. Displaying confidence that subordinates are able to meet high standards.
  - D. Using suggestions of subordinates when making decisions.
  - E. Maintaining definite standards of performance.
- C 344 GT Fa
248. According to the path-goal leadership theory, a manager is showing a participative leadership style when he/she \_\_\_\_\_.
- A. Lets subordinates know what performance is expected.
  - B. Expects the highest levels of performance.
  - C. Consults with subordinates before making decisions.
  - D. Treats group members as equals during decision making.
  - E. Acts friendly to subordinates.
- C GT Fa
249. Len and John are managers. Len spends a lot of time scheduling work to be done and providing guidance on its accomplishment. John takes great care to listen to his subordinates' concerns and act friendly toward them. In the terminology of House's path-goal theory, Len is acting as a(n) \_\_\_\_\_ leader, while John is acting as a(n) \_\_\_\_\_ leader.
- A. Directive...achievement-oriented.
  - B. Directive...supportive.
  - C. Achievement-oriented...participative.
  - D. Achievement-oriented...supportive.
  - E. Autocratic...democratic.
- B GT Ap

250. House's path-goal leadership model advises managers to use leadership styles that complement situational needs. Which of the following statements accurately represents the advice provided by the path-goal model?
- When job assignments are ambiguous, directive leadership is needed to clarify task objectives and expected rewards.
  - When worker self-confidence is low, supportive leadership is needed to increase confidence by emphasizing individual abilities and offering needed task assistance.
  - When performance incentives are poor, participative leadership is needed to clarify individual needs and identify appropriate rewards.
  - When task challenge is insufficient, achievement-oriented leadership is needed to set goals and raise performance aspirations.
  - All of these are accurate statements.
- E GT Ap
251. Aspects of the work setting and the people involved that can reduce the need for a leader's personal involvement are referred to as \_\_\_\_\_.
- Leadership aids.
  - Corporate baby-sitters.
  - Leader clones.
  - Substitutes for leadership.
  - Mock leaders.
- D KT Fa
252. Which of the following NOT a substitute for leadership?
- Ability and experience of subordinates.
  - Clarity of organizational plans and formalization of rules.
  - Routineness and availability of performance feedback.
  - Availability of information technology.
  - Independence of subordinates.
- D 345 GT Fa

### ***Vroom-Jago Leader-Participation Model***

253. The Vroom-Jago leader-participation model is designed to \_\_\_\_\_.
- Enable leaders to define their leadership style.
  - Enable leaders to define the situational characteristics of the work setting so that the best leadership style can be used.
  - Help leaders choose an appropriate decision-making method for any problem situation.
  - Help leaders develop suitable leadership traits.
  - Provide ready-made decisions concerning leadership situations.
- C GT Fa
254. According to the Vroom-Jago leader-participation model, a(n) \_\_\_\_\_ occurs when the leader makes the decision alone and then communicates it to the work group.
- Authority decision.
  - Delegating decision.
  - Power-oriented decision.
  - Consultative decision.
  - Group decision.
- A KT Fa

255. According to the Vroom-Jago leader-participation model, a(n) \_\_\_\_\_ occurs when the leader makes the decision after receiving information, advice, or opinions from group members.
- A. Authority decision.
  - B. Employee-centered.
  - C. Job-centered.
  - D. Consultative decision.
  - E. Group decision.
- D      KT      Fa
256. According to the Vroom-Jago leader-participation model, a(n) \_\_\_\_\_ occurs when all team members participate in making a decision.
- A. Authority decision.
  - B. Employee involvement decision.
  - C. Middle-of-road management decision.
  - D. Consultative decision.
  - E. Group decision.
- E      KT      Fa
257. Which of the following statements correctly describes the nature of the different decision methods that occur in the Vroom-Jago leader-participation model?
- A. An authority decision is made by the leader and then communicated to the group.
  - B. A consultative decision is made by a leader after receiving information, advice, or opinions from group members.
  - C. A group decision is made with the full participation of all group members.
  - D. All of the above.
  - E. None of the above.
- D      KT      Fa
258. The Vroom-Jago leader-participation model identifies several different decision-making options that are available for managers and leaders. The \_\_\_\_\_ option is being used when the manager or leader decides how to solve the problem and communicates the decision to the group.
- A. Decide alone.
  - B. Consult individually.
  - C. Consult with group.
  - D. Facilitate.
  - E. Delegate.
- A      GT      Fa
259. The Vroom-Jago leader-participation model identifies several different decision-making options that are available for managers and leaders. The \_\_\_\_\_ option is being used when the manager or leader makes the decision after sharing the problem and consulting individually with group members to get their suggestions.
- A. Decide alone.
  - B. Consult individually.
  - C. Consult with group.
  - D. Facilitate.
  - E. Delegate.
- B      GT      Fa

260. The Vroom-Jago leader-participation model identifies several different decision-making options that are available for managers and leaders. The \_\_\_\_\_ option is being used when the manager or leader makes the decision after convening the group, sharing the problem, and consulting with everyone to get their suggestions.
- A. Decide alone.
  - B. Consult individually.
  - C. Consult with group.
  - D. Facilitate.
  - E. Delegate.
- C GT Fa
261. The Vroom-Jago leader-participation model identifies several different decision-making options that are available for managers and leaders. The \_\_\_\_\_ option is being used when the manager or leader convenes the group, shares the problem, and then facilitates group discussion to make a decision.
- A. Decide alone.
  - B. Consult individually.
  - C. Consult with group.
  - D. Facilitate.
  - E. Delegate.
- D GT Fa
262. The Vroom-Jago leader-participation model identifies several different decision-making options that are available for managers and leaders. The \_\_\_\_\_ option is being used when the manager or leader convenes the group and delegates to group members the authority to define the problem and make a decision.
- A. Decide alone.
  - B. Consult individually.
  - C. Consult with group.
  - D. Facilitate.
  - E. Delegate.
- E GT Fa
263. Which of the following statements accurately describe the Vroom-Jago leader-participation model?
- A. Problem situations are characterized in terms of decision quality, decision acceptance, and decision time.
  - B. Decision quality is based on who has information that is needed for problem solving.
  - C. Decision acceptance is based on the importance of subordinate acceptance to eventual solution implementation.
  - D. Decision time is based on the time available to make and implement the decision.
  - E. Each of the above statements provides an accurate description of the Vroom-Jago leader-participation model.
- E KT Fa

264. The Vroom-Jago leader-participation theory indicates that a leader should use the more authority-oriented decision method under all of the following conditions EXCEPT:
- A. When the leader personally has the expertise needed to solve the problem.
  - B. When the leader is confident and capable of acting alone.
  - C. When others are likely to accept the decision the leader makes.
  - D. When little or no time is available for discussion.
  - E. When the situation is highly favorable for the leader.
- E      GT      Fa
265. The Vroom-Jago leader-participation theory indicates that a leader should use the more group-oriented and participative decision methods under all of the following conditions EXCEPT:
- A. When the leader lacks sufficient expertise and information to solve a problem by himself/herself.
  - B. When the problem is unclear and help is needed to clarify the situation.
  - C. When decision support system technology is available.
  - D. When acceptance of the decision and commitment by others is necessary for its implementation.
  - E. When adequate time is available to permit true participation.
- C      GT      Fa
266. Within the context of the Vroom-Jago leader-participation model, the potential benefits of participative decision methods include \_\_\_\_\_.
- A. Helping to improve decision quality.
  - B. Helping to improve decision acceptance.
  - C. Helping to develop leadership potential in others.
  - D. A and B.
  - E. A, B, and C.
- E      GT      Fa
267. Which of the following statements accurately describe the potential disadvantage(s) of participative decision methods within the context of the Vroom-Jago leader-participation model?
- A. Participative decision methods may result in lost efficiency.
  - B. Participative decision methods improve decision acceptance and quality.
  - C. Participative decision methods are ineffective when problems must be resolved immediately.
  - D. A and B.
  - E. A and C.
- E      GT      Fa

#### TRANSFORMATIONAL LEADERSHIP (STUDY QUESTION 4)

268. A(n) \_\_\_\_\_ leader develops special leader-follower relationships and inspires followers in extraordinary ways.
- A. Participative.
  - B. Charismatic.
  - C. Transformational.
  - D. Transactional.
  - E. Old-fashioned.
- B      KT      Fa

**Transformational and Transactional Leadership**

269. \_\_\_\_\_ leadership focuses on directing the efforts of others through the use of tasks, rewards, and structures.
- A. Participative.
  - B. Charismatic
  - C. Transformational.
  - D. Transactional.
  - E. Old-fashioned.
- D      KT      Fa
270. \_\_\_\_\_ leadership is inspirational leadership that gets people to put forth extraordinary effort and achieve extraordinary performance.
- A. Participative.
  - B. Charismatic.
  - C. Transformational.
  - D. Transactional.
  - E. Old-fashioned.
- C      KT      Fa
271. Which of the following is a signal that transformational leadership is likely being used?
- A. Followers are enthusiastic about the leader and his or her ideas.
  - B. Followers work hard to support the leader.
  - C. Followers remain loyal and devoted to the leader.
  - D. Followers strive for superior performance accomplishments.
  - E. All of the above are signals that transformational leadership is being used.
- C      GT      Ap
272. By itself, \_\_\_\_\_ leadership is insufficient to meet contemporary leadership challenges.
- A. Participative.
  - B. Charismatic.
  - C. Transactional.
  - D. Transformational.
  - E. Old-fashioned.
- C      GT      Fa
273. \_\_\_\_\_ leadership is a building block that helps support \_\_\_\_\_ leadership.
- A. Participative ... transactional.
  - B. Charismatic ... old-fashioned.
  - C. Transformational ... task-oriented.
  - D. Transactional ... transformational.
  - E. Old-fashioned ... transactional.
- D      GT      Fa

*Qualities of a Transformational Leader*

274. Having ideas and a clear sense of direction; communicating them to others; and developing excitement about accomplishing shared “dreams” describe the transformational leadership attribute of \_\_\_\_\_.
- A. Vision.
  - B. Charisma.
  - C. Symbolism.
  - D. Empowerment.
  - E. Intellectual stimulation.
- A      GT      Fa
275. Using the power of personal reference and emotion to arouse others’ enthusiasm, faith, loyalty, pride, and trust in themselves ” describes the transformational leadership attribute of \_\_\_\_\_.
- A. Vision.
  - B. Charisma.
  - C. Symbolism.
  - D. Empowerment.
  - E. Intellectual stimulation.
- B      GT      Fa
276. Identifying “heroes” and holding spontaneous and planned ceremonies to celebrate excellence and high achievement ” describe the transformational leadership attribute of \_\_\_\_\_.
- A. Charisma.
  - B. Symbolism.
  - C. Empowerment.
  - D. Intellectual stimulation.
  - E. Integrity.
- B      GT      Fa
277. Helping others develop, removing performance obstacles, sharing responsibilities, and delegating truly challenging work ” describe the transformational leadership attribute of \_\_\_\_\_.
- A. Vision.
  - B. Charisma.
  - C. Symbolism.
  - D. Empowerment.
  - E. Intellectual stimulation.
- D      GT      Fa
278. Gaining the involvement of others by creating awareness of problems and stirring their imaginations” describes the transformational leadership attribute of \_\_\_\_\_.
- A. Charisma.
  - B. Symbolism.
  - C. Empowerment.
  - D. Intellectual stimulation.
  - E. Integrity.
- D      GT      Fa

279. Being honest and credible, acting consistently out of personal conviction, and following through on commitments” describe the transformational leadership attribute of \_\_\_\_\_.
- A. Charisma.
  - B. Symbolism.
  - C. Empowerment.
  - D. Intellectual stimulation.
  - E. Integrity.
- E      GT      Fa

### CURRENT ISSUES IN LEADERSHIP DEVELOPMENT (STUDY QUESTION 5)

#### *Emotional Intelligence*

280. \_\_\_\_\_ is ability to manage our emotions in social relationships.
- A. Empowerment.
  - B. Contingent leadership.
  - C. Moral leadership.
  - D. Leadership openness.
  - E. Emotional intelligence.
- E      KT      Fa
281. Which of the following statements is/are correct?
- A. Emotional intelligence refers to a person’s ability to manage his/her emotions in social relationships.
  - B. A leader’s emotional intelligence significantly influences his or her effectiveness, especially in senior management positions.
  - C. Emotional intelligence skills are genetically based; they cannot be learned.
  - D. A and B.
  - E. None of the above is a correct statement.
- D      GT      Fa
282. The components of emotional intelligence include all of the following EXCEPT:
- A. The ability to understand one’s own moods and emotions, and understand their impact on one’s work and on others.
  - B. The ability to think before acting, and to control otherwise disruptive impulses.
  - C. The ability to work hard with persistence, and for reasons other than money and status.
  - D. The ability to establish appropriate work goals for others, and to provide the necessary task structures for achieving them
  - E. The ability to understand the emotions of others, and to use this understanding to better relate to others.
- D      GT      Fa

**Gender and Leadership**

283. Women tend to rely on the \_\_\_\_\_ leadership approach and men tend to rely on the \_\_\_\_\_ leadership approach.  
 A. Assertive ... laissez-faire.  
 B. Transactional ... transformational.  
 C. Interactive ... transactional.  
 D. Transactional ... interactive.  
 E. Laissez-faire ... democratic.  
 C GT Fa
284. Women tend to exhibit \_\_\_\_\_ and \_\_\_\_\_ behaviours in their leadership approaches.  
 A. Democratic ... autocratic.  
 B. Autocratic ... participative.  
 C. Laissez-faire ... democratic.  
 D. Democratic ... participative.  
 E. Autocratic ... laissez-faire.  
 D GT Fa
285. Men tend to exhibit \_\_\_\_\_ and \_\_\_\_\_ behaviours in their leadership approaches.  
 A. Assertive ... directive.  
 B. Supportive ... directive.  
 C. Laissez-faire ... supportive.  
 D. Assertive ... democratic.  
 E. Democratic ... supportive.  
 A GT Fa
286. Given the current emphasis on shared power, communication, cooperation, and participation in new-form organizations, \_\_\_\_\_ leadership appears to be an excellent fit with the demands of a diverse workforce and the new workplace.  
 A. Assertive.  
 B. Transactional.  
 C. Interactive.  
 D. Country club.  
 E. Laissez-faire.  
 C GT Fa
287. Which of the following descriptions of research on gender and leadership is NOT accurate?  
 A. Research evidence clearly indicates that both women and men can be effective leaders, even though they tend to have somewhat different leadership styles.  
 B. Women tend to use interactive leadership that focuses on building consensus and good interpersonal relations through communication and involvement.  
 C. Men tend to take a more transactional approach to leadership, relying more on directive and assertive behaviours, and using authority in a traditional "command and control" sense.  
 D. Given the current emphasis on shared power, communication, cooperation, and participation in new-form organizations, interactive leadership appears to be an excellent fit with the demands of a diverse workforce and the new workplace.  
 E. It seems clear that women leaders will be far more successful than men leaders because of their capacity to lead through positive relationships and empowerment.  
 E GT Fa

**Drucker's "Old-Fashioned" Leadership**

288. According to Peter Drucker, effective leadership should be viewed as \_\_\_\_\_.
- A. An outward manifestation of personal charisma.
  - B. Good "old-fashioned" hard work.
  - C. The ability to inspire followers.
  - D. The capacity to use charisma in transforming organizations.
  - E. The ability to use charisma to influence both enthusiastic and recalcitrant followers.
- B      GT      Fa
289. According to Peter Drucker, which of the following factors is/are essential for effective leadership?
- A. Effective leaders define and establish a sense of mission.
  - B. Effective leaders accept leadership as a responsibility rather than a rank.
  - C. Effective leaders earn and keep the trust of others.
  - D. All of the above.
  - E. None of the above.
- D      GT      Fa
290. In the context of Drucker's "old-fashioned" leadership, defining and establishing a sense of mission involves \_\_\_\_\_.
- A. Setting goals, priorities, and standards.
  - B. Keeping goals, priorities, and standards visible.
  - C. Maintaining goals, priorities, and standards.
  - D. All of the above.
  - E. None of the above.
- D      GT      Ap
291. According to Drucker's concept of "old-fashioned" leadership, accepting leadership as a responsibility rather than a rank involves having \_\_\_\_\_.
- A. Leaders who surround themselves with talented people.
  - B. Leaders who are not afraid to develop strong and capable subordinates.
  - C. Followers who believe the leader means what he or she says.
  - D. A and B.
  - E. A and C.
- D      GT      Ap
292. In the context of Drucker's "old-fashioned" leadership, earning and keeping the trust of others involves which of the following elements?
- A. The leader has personal integrity.
  - B. Good leaders do not blame others when things go wrong.
  - C. The followers believe that the leader's actions will be consistent with what is said.
  - D. A and B.
  - E. A and C.
- E      GT      Ap

**Moral Leadership**

293. \_\_\_\_\_ is leadership by moral standards that meet the ethical test of being “good” and not “bad,” of being “right” and not “wrong.”
- A. Good old-fashioned leadership.
  - B. Proper transformational leadership.
  - C. Ethical leadership.
  - D. Charismatic leadership.
  - E. Right-headed transactional leadership.
- C      KT      Fa
294. Which of the following statements about ethical leadership is/are accurate?
- A. Long-term, sustainable success can only be built upon a foundation of solid ethical behaviour.
  - B. Leaders should try to be ethical out of fear of being caught for doing something wrong.
  - C. Ethical leaders can act with confidence, knowing that their actions are beyond reproach.
  - D. A and C.
  - E. A, B, and C.
- D      GT      Ap
295. \_\_\_\_\_ is an essential element of transformational leadership and good old-fashioned leadership.
- A. Initiating structure.
  - B. Consideration.
  - C. Employee-centeredness.
  - D. Country club management.
  - E. Integrity.
- E      GT      Fa
296. \_\_\_\_\_ involves the leader’s honesty, credibility, and consistency in putting values into action.
- A. Consideration.
  - B. Supportive leadership.
  - C. Integrity.
  - D. Visionary leadership.
  - E. Transformational leadership
- C      KT      Fa
297. In the context of ethical leader behaviour, a leader who \_\_\_\_\_ earns the trust of followers.
- A. Exhibits the task-oriented leadership style.
  - B. Is visionary.
  - C. Exercises the leader behaviour of consideration.
  - D. Acts as a transformational leader.
  - E. Has integrity.
- E      GT      Ap

298. John Gardner argues that leaders have a \_\_\_\_\_ obligation to build performance capacities by awakening the potential of each individual.
- A. Planning.
  - B. Control.
  - C. Moral.
  - D. Human resources.
  - E. Motivational.
- C      GT      Fa
299. \_\_\_\_\_ activates performance through the positive psychological states of confidence, hope, optimism, and resilience.
- A. Transactional leadership.
  - B. Charismatic leadership.
  - C. Authentic leadership.
  - D. Good old-fashioned leadership.
  - E. Transformational leadership.
- C      KT      Fa
300. The characteristics of \_\_\_\_\_ help them to clearly frame moral dilemmas, transparently respond to them, and serve as ethical role models.
- A. Transactional leaders.
  - B. Transformational leaders.
  - C. Good old-fashioned leaders.
  - D. Charismatic leaders.
  - E. Authentic leaders.
- E      GT      Fa

## Multiple Choice Questions

### CHAPTER INTRODUCTION

162. Which of the following statements does NOT provide an accurate description of the nature and/or impact of change in contemporary businesses?
- A. Intellectual capital, knowledge management, and learning organizations are increasingly important in the modern business world.
  - B. The new economy has created tremendous turmoil but few genuine opportunities.
  - C. Most traditional organizations have realized that they must change to survive.
  - D. Increasingly, successful companies have cultures that thrive on change.
  - E. Many organizations are slow in responding to change.
- B      GT      Fa
163. Which of the following statements does NOT provide an accurate description of the nature and/or impact of change in today's organizations?
- A. Most leaders are quick in responding to change.
  - B. Creating positive change in organizations is not an easy task.
  - C. Change involves complexity, uncertainty, anxiety, and risk.
  - D. Leading organizational change takes great understanding, discipline, and leadership commitment to creativity and innovation.
  - E. Innovation is a primary source of competitive advantage in the modern business world.
- A      GT      Fa

**STRATEGIC LEADERSHIP AND INNOVATION (STUDY QUESTION 1)*****Strategic Leadership***

164. \_\_\_\_\_ are ones that mobilize people, values, and systems to achieve continuous change and performance improvements driven by the lessons of experience.
- A. Learning organizations.
  - B. Manufacturing organizations.
  - C. Service organizations.
  - D. Organic organizations.
  - E. Adaptive organizations.
- A      KT      Fa
165. \_\_\_\_\_ refers to the “ability to anticipate, envision, maintain flexibility, think strategically, and work with others to initiate changes that will create a viable future for the organization.”
- A. Team leadership.
  - B. Strategic leadership.
  - C. Organizational leadership.
  - D. Organization development.
  - E. Multidimensional management.
- B      GT      Fa
166. The components of strategic leadership include all of the following EXCEPT:
- A. Shaping the organization’s environment.
  - B. Determining the organization’s purpose or vision.
  - C. Exploiting and maintaining the organization’s core competencies.
  - D. Sustaining an effective organizational culture.
  - E. Establishing balanced organizational controls.
- A      GT      Fa
167. Which of the following is NOT a component of strategic leadership?
- A. Determining the organization’s purpose or vision.
  - B. Developing the organization’s human capital.
  - C. Establishing powerful reward systems.
  - D. Sustaining an effective organizational culture.
  - E. Emphasizing and displaying ethical practices.
- C      GT      Fa

***Creativity and Innovation***

168. \_\_\_\_\_ is the generation of a novel idea or unique approach to solving problems or crafting opportunities.
- A. Creativity.
  - B. Invention.
  - C. Entrepreneurship.
  - D. Intrapreneurship.
  - E. Innovation.
- A      KT      Fa

169. \_\_\_\_\_ is the process of creating new ideas and putting them into practice.
- A. Creativity.
  - B. Invention.
  - C. Entrepreneurship.
  - D. Intrapreneurship.
  - E. Innovation.
- E      KT      Fa
170. All of the following statements correctly describe the innovation process EXCEPT:
- A. Process innovations result in better ways of doing things.
  - B. Product innovations result in the creation of new or improved goods and services.
  - C. Process and product innovations support invention.
  - D. Process and product innovations support application.
  - E. Creativity is not essential for innovation.
- E      GT      Fa
171. \_\_\_\_\_ result in better ways of doing things.
- A. Product innovations.
  - B. Business changes.
  - C. Process innovations.
  - D. Experiments.
  - E. Design changes.
- C      KT      Fa
172. \_\_\_\_\_ result in the creation of new or improved goods and services.
- A. Product innovations.
  - B. Business changes.
  - C. Process innovations.
  - D. Experiments.
  - E. Design changes.
- A      KT      Fa
173. Which of the following is NOT a leadership responsibility for the innovation process?
- A. Imagining.
  - B. Deciding.
  - C. Experimenting.
  - D. Assessing.
  - E. Scaling.
- B      GT      Fa
174. Leadership responsibilities for the innovation process include all of the following EXCEPT:
- A. Thinking about new possibilities; making discoveries by ingenuity or communication with others; extending existing ways.
  - B. Testing ideas in concept; discussing them with peers, customers, clients, or technical experts; building initial models, prototypes, or samples.
  - C. Examining practicality and financial value through experiments and feasibility studies.
  - D. Identifying strengths and weaknesses, potential costs and benefits, potential markets or applications, and making constructive changes.
  - E. Recruiting motivated and competent people to market new products and services.
- E      GT      Fa

175. \_\_\_\_\_ is the process of turning new ideas into products or processes that can increase profits through greater sales or reduced costs.
- A. Product development.
  - B. Process value analysis.
  - C. Commercializing innovation.
  - D. Marketing research.
  - E. Supply chain management.
- C      KT      Fa
176. Which of the following is NOT one of the four steps in the product development process?
- A. Initial experimentation.
  - B. Final application.
  - C. Feasibility determination.
  - D. Feasibility planning.
  - E. Idea creation.
- D      GT      Fa
177. Discovering a potential product or a way to modify an existing product involves the \_\_\_\_\_ step of the product development process.
- A. Initial experimentation.
  - B. Feasibility screening.
  - C. Idea creation.
  - D. Feasibility determination.
  - E. Final application.
- C      GT      Fa
178. \_\_\_\_\_ is the stage of the product development process in which ideas are shared with others and prototypes are tested.
- A. Idea creation.
  - B. Initial experimentation.
  - C. Feasibility determination.
  - D. Feasibility screening.
  - E. Final application.
- B      GT      Fa
179. Consideration of the practicality and financial viability of a new product or service indicates that a company is in which stage of the product development process?
- A. Initial experimentation.
  - B. Final application.
  - C. Feasibility determination.
  - D. Feasibility screening.
  - E. Idea creation.
- C      GT      Fa

180. The \_\_\_\_\_ step of the product development process involves the commercialization of a new product for sale to customers or clients.
- A. Final application.
  - B. Initial experimentation.
  - C. Feasibility determination.
  - D. Feasibility screening.
  - E. Idea creation.
- A      GT      Fa

***Characteristics of Innovative Organizations***

181. Which of the following is NOT one of the ways in which highly innovative organizations support creativity and entrepreneurship?
- A. Job design.
  - B. Corporate culture and strategy.
  - C. Organization structure.
  - D. Organizational staffing.
  - E. Top management.
- A      GT      Fa
182. With respect to corporate strategy and culture, highly innovative organizations do all of the following EXCEPT:
- A. Are willing to take risks.
  - B. Stress extremely challenging goals.
  - C. Accept failure.
  - D. Emphasize an entrepreneurial spirit.
  - E. Expect innovation.
- B      GT      Fa
183. Suppose an organization has an organic structure that relies on lateral communications, cross-functional teams, and task forces. This organization would be one that is seeking to \_\_\_\_\_.
- A. Maintain the status quo.
  - B. Innovate very little.
  - C. Innovate to a moderate degree.
  - D. Be highly innovative.
  - E. Innovate but doesn't know how to do it.
- D      GT      Fa
184. Highly innovative organizations have top managers who do all of the following EXCEPT:
- A. Understand the innovation process.
  - B. Tolerate criticism and differences of opinion.
  - C. Create conflict to stimulate creativity.
  - D. Take all possible steps to keep goals clear.
  - E. Maintain the pressure to succeed.
- C      GT      Fa

185. In highly innovative organizations, different critical innovation roles need to be fulfilled. Which of the following is NOT one of these critical innovation roles?
- A. Idea generators.
  - B. Information gatekeepers.
  - C. Product champions.
  - D. Project managers.
  - E. Innovation followers.
- E      GT      Fa
186. In highly innovative organizations, certain key roles must be fulfilled. These include all of the following roles EXCEPT:
- A. Those who serve as links between people and groups.
  - B. Those who perform technical functions on the innovation project.
  - C. Those who advocate the status quo and some sense of stability.
  - D. Those who create new insights from internal discoveries or external awareness.
  - E. Those who encourage, sponsor, and coach others to keep innovation values and goals in place.
- C      GT      Fa

## ORGANIZATIONAL CHANGE (STUDY QUESTION 2)

### *Change Leadership*

187. A \_\_\_\_\_ is a change agent who takes leadership responsibility for changing the existing pattern of behaviour of another person or social system.
- A. Change leader.
  - B. Behavioural leader.
  - C. Managerial agent.
  - D. Social worker.
  - E. Social system manager.
- A      KT      Fa
188. A part of every manager's job is to act as a \_\_\_\_\_ in the workplace.
- A. Behavioural agent.
  - B. Managerial agent.
  - C. Change agent.
  - D. Social change manager.
  - E. Social system manager.
- C      GT      Fa
189. Which of the following statements does NOT accurately contrast change leadership with status quo management?
- A. Change leaders are threatened by change; status quo managers are confident of their ability.
  - B. Change leaders are willing to take risks; status quo managers are bothered by uncertainty.
  - C. Change leaders seize opportunities; status quo managers prefer predictability.
  - D. Change leaders expect surprise; status quo managers support the current state of affairs.
  - E. Change leaders make things happen; status quo managers wait for things to happen.
- A      GT      Fa

**Models of Change Leadership**

190. \_\_\_\_\_ occurs when senior managers initiate changes with the goal of having a comprehensive impact on the organization and its performance capabilities.
- A. Top-down change.
  - B. Bottom-up change.
  - C. Incremental change.
  - D. Outside-in change.
  - E. Inside-out change.
- A      KT      Fa
191. Top-down change is initiated and directed by top management. It usually includes all of the following implications EXCEPT:
- A. Top-down change may be perceived as insensitive to the needs of lower-level personnel.
  - B. Top-down change may encounter excessive resistance.
  - C. Top-down change relies on the willingness of middle-level and lower-level managers to actively support top-management initiatives.
  - D. Top-down change can be implemented effectively through the use of force.
  - E. Top-down change may fail due to insufficient commitment of lower-level employees to changing.
- D      GT      Fa
192. \_\_\_\_\_ occurs when the initiatives for change come from any and all parts of the organization, not just top management.
- A. Top-down change.
  - B. Bottom-up change.
  - C. Incremental change.
  - D. Outside-in change.
  - E. Inside-out change.
- B      KT      Fa
193. The implications of bottom-up change include all of the following EXCEPT:
- A. Initiatives for change come from people throughout the organization.
  - B. Bottom-up change is essential for organizational innovation.
  - C. Change is made possible through empowerment, involvement, and participation.
  - D. Bottom-up change facilitates the adaptation of operations and technologies to the changing work environment.
  - E. Bottom-up change requires the approval and close oversight of top-level managers.
- E      GT      Fa
194. Which of the following descriptions of integrated change leadership is/are accurate?
- A. The most successful and enduring change leadership is that which can harness the advantages of both top-down and bottom-up change.
  - B. Bottom-up change initiatives are necessary to build institutional capability for sustainable change and organizational learning.
  - C. Top-down change may be needed to break traditional patterns and implement difficult economic adjustments.
  - D. B and C.
  - E. A, B, and C.
- E      GT      Fa

**Transformational and Incremental Change**

195. \_\_\_\_\_ is change that occurs spontaneously in organizations, largely in response to unanticipated events.  
A. Performance change.  
B. Crisis-induced change.  
C. Unplanned change.  
D. Innovative change.  
E. Disruptive change.  
C GT Fa
196. \_\_\_\_\_ responds to events as or after they occur.  
A. Reactive change.  
B. Planned change.  
C. Transactional change.  
D. Transformational change.  
E. Incremental change.  
A KT Fa
197. \_\_\_\_\_ takes steps to best align the organization with anticipated future challenges.  
A. Reactive change.  
B. Planned change.  
C. Transactional change.  
D. Transformational change.  
E. Incremental change.  
B KT Fa
198. The discrepancy between the desired and actual state of affairs is the \_\_\_\_\_.  
A. Unexpected result.  
B. Performance gap.  
C. Unplanned deficiency.  
D. Planning differential.  
E. Change differential.  
B KT Fa
199. \_\_\_\_\_ is a type of planned change that results in a major and comprehensive redirection of the organization.  
A. Reactive change.  
B. Planned change.  
C. Transactional change.  
D. Transformational change.  
E. Incremental change.  
D KT Fa

200. Which of the following statements provide useful lessons regarding how to lead transformational change?
- A. Establish a sense of urgency for change.
  - B. Create and communicate a change vision.
  - C. Celebrate short-term “wins” and recognize those who help.
  - D. Stay with it; keep the message consistent; champion the vision.
  - E. All of the above are useful lessons regarding how to lead transformational change.
- E MN Fa
201. Which of the following statements provides a useful lesson regarding how to lead transformational change?
- A. Form a powerful coalition to lead the change.
  - B. Empower others to move change forward.
  - C. Build on success; align people and systems with new ways.
  - D. A and B.
  - E. A, B, and C.
- E MN Fa
202. \_\_\_\_\_ is a type of planned change that bends and nudges existing systems and practices to better align them with emerging problems and opportunities.
- A. Reactive change.
  - B. Planned change.
  - C. Transactional change.
  - D. Transformational change.
  - E. Incremental change.
- E KT Fa

***Forces and Targets for Change***

203. External forces for change in contemporary organizations include all of the following EXCEPT:
- A. The global economy and local economic conditions.
  - B. Governmental laws and regulations.
  - C. Organizational culture.
  - D. Technological developments and market trends.
  - E. Social forces.
- C GT Fa
204. \_\_\_\_\_ for change arise when a change in one part of the organizational system creates the need for change in another part of the system
- A. Global forces.
  - B. External forces.
  - C. Interdepartmental forces.
  - D. Internal forces.
  - E. Managerial forces.
- D GT Fa

205. Which of the following statements is correct with respect to internal forces for organizational change?
- A. There are no internal forces for change, only external forces.
  - B. A change in one part of the organization can create the need for change in another part of the system.
  - C. Internal forces for change are not as significant to the organization as external forces.
  - D. Internal forces for change can only be identified after dealing effectively with the external forces.
  - E. Once an internal force for change has been addressed, it will not have an impact on the organization again.
- B GT Fa
206. The organizational targets for change include all of the following EXCEPT:
- A. Tasks.
  - B. People.
  - C. Structure and technology.
  - D. Social forces.
  - E. Culture.
- D GT Fa
207. Organizational targets for change include all of the following EXCEPT:
- A. The nature of work as represented by organizational mission, objectives, and strategy; and the job designs for individuals and groups.
  - B. The attitudes and competencies of the employees and the human resource systems that support them.
  - C. The value system for the organization as a whole and the norms guiding individual and group behaviour.
  - D. The operations and information technology used to support job designs, arrange workflows, and integrate people and machines into systems.
  - E. The conditions in the marketplace, including changes in customer preferences and needs.
- E GT Fa

### LEADING PLANNED CHANGE (STUDY QUESTION 3)

208. Which of the following statements does NOT accurately describe the process of managing planned change?
- A. Change is a complicated phenomenon in any setting.
  - B. Human nature always stands at the heart of change being a complicated phenomenon.
  - C. People do not act habitually; more often than not, they act in random and erratic ways.
  - D. People may not want to change even when conditions require it.
  - E. Managers and change agents need to deal with people's tendencies to resist change.
- C GT Fa

**Phases of Planned Change**

209. The unfreezing, changing, and refreezing phases are all parts of what process?  
A. Planned-change process.  
B. Decision-making process.  
C. Conflict resolution process.  
D. Organization design process.  
E. Negotiation process.  
A GT Fa
210. \_\_\_\_\_ is the change phase in which a situation is prepared for change and felt needs for change are developed.  
A. Unfreezing.  
B. Sensing.  
C. Changing.  
D. Refreezing.  
E. Refocusing.  
A KT Fa
211. Unfreezing can be accomplished by all of the following EXCEPT:  
A. Establishing a good relationship with the people involved.  
B. Helping peers realize that present behaviours are not effective.  
C. Identifying new, more effective ways of behaving.  
D. Minimizing expressed resistance to change.  
E. Helping subordinates realize that present behaviours are not effective.  
C GT Fa
212. \_\_\_\_\_ is the phase in which something new takes place in the system, and change is actually implemented.  
A. Unfreezing.  
B. Changing.  
C. Transforming.  
D. Refreezing.  
E. Refocusing.  
B KT Fa
213. Changing, the second phase of Lewin's planned organizational change model, can be implemented by \_\_\_\_\_.  
A. Identifying new, more effective ways of behaving.  
B. Choosing appropriate changes in tasks, people, culture, technology, and/or structure.  
C. Taking action to put changes in tasks, people, culture, technology, and/or structure into place.  
D. All of the above.  
E. None of the above.  
D GT Fa

214. \_\_\_\_\_ is the phase of stabilizing the change and creating the conditions for its long-term continuity.
- A. Unfreezing.
  - B. Changing.
  - C. Transforming.
  - D. Refreezing.
  - E. Refocusing.
- D      KT      Fa
215. Refreezing can be accomplished by \_\_\_\_\_.
- A. Creating acceptance and continuity for the new behaviours.
  - B. Providing necessary resource support.
  - C. Using performance-contingent rewards and positive reinforcement.
  - D. A and C.
  - E. A, B, and C.
- E      GT      Fa
216. Which of the following does NOT accurately describe Lewin's model of planned organizational change?
- A. Planned change consists of three phases.
  - B. The change agent performs the same tasks during each phase of the change process.
  - C. Modifying the organizational targets of tasks, people, culture, technology, and structure occurs during the changing phase of the planned change process.
  - D. Unfreezing involves developing felt needs and preparing a system for change.
  - E. The change agent is concerned with stabilizing the change and creating conditions for long-term continuity in the refreezing phase of the planned change process.
- B      GT      Fa

### ***Change Strategies***

217. A force-coercion strategy for change involves the use of \_\_\_\_\_.
- A. Expertise and rational argument.
  - B. Referent and expert power.
  - C. Formal authority and/or rewards or punishments.
  - D. Shared power.
  - E. Creativity and innovation.
- C      KT      Fa
218. Which of the following characteristics does NOT accurately describe the behaviour of a change agent who uses a force-coercion strategy?
- A. The change agent believes that people are basically motivated by self-interest and what the situation offers in terms of potential gains or losses.
  - B. The change agent tries to identify people's vested interests and then applies pressure to those interests.
  - C. The change agent exploits any weakness that he/she discovers.
  - D. The change agent uses formal authority along with rewards and punishments.
  - E. The change agent avoids political alliances.
- E      GT      Fa

219. A change agent may take direct and unilateral action to command that change occurs. The change agent is using what version of force-coercion?
- A. Informational manipulation.
  - B. Indirect forcing.
  - C. Direct forcing.
  - D. Power sharing.
  - E. Lateral manoeuvring.
- C      GT      Fa
220. A change leader might work indirectly to gain special advantage over other persons in the attempt to make them change. This is a version of force-coercion known as \_\_\_\_\_.
- A. Informational manipulation.
  - B. Direct forcing.
  - C. Political manoeuvring.
  - D. Power sharing.
  - E. Rational persuasion.
- C      GT      Fa
221. Suppose that a manager uses special knowledge, empirical data, and rational argument to bring about change. This manager is relying on the \_\_\_\_\_ change strategy.
- A. Normative-reeducative.
  - B. Rational persuasion.
  - C. Unfreezing-refreezing.
  - D. Facilitation-support.
  - E. Force-coercion.
- B      KT      Fa
222. Which of the following characteristics does NOT accurately describe the behaviour of a change agent who uses a rational persuasion strategy?
- A. The change agent must convince others of the cost-benefit value of the change.
  - B. The change agent believes that people are guided by reason in their actions and decision making.
  - C. The change agent uses information and facts to communicate the desirability of change.
  - D. The change agent relies on legitimate power.
  - E. The change agent assumes that people are guided by facts, reason, and self-interest.
- D      GT      Fa
223. A(n) \_\_\_\_\_ strategy engages people in a collaborative process of identifying values, assumptions, and goals from which support for change will naturally emerge.
- A. Shared power.
  - B. Rational persuasion.
  - C. Unfreezing-refreezing.
  - D. Facilitation-support.
  - E. Force-coercion.
- A      KT      Fa

224. A manager who shares power with other people, acts in a participative manner during decision making, and uses group process effectively in the attempt to accomplish change is using a(n) \_\_\_\_\_ change strategy.
- A. Force-coercion.
  - B. Normative-reeducative.
  - C. Rational persuasion.
  - D. Empirical-rational.
  - E. Human relations.
- B      GT      Fa
225. Which of the following characteristics does NOT accurately describe the behaviour of a change agent who uses a shared power strategy?
- A. The change agent relies on reward power.
  - B. The change agent understands change in the context of attitudes, values, skills, and significant relationships.
  - C. The change agent believes that people behave as they do because of sociocultural norms and commitments to others' expectations.
  - D. The change agent recognizes that people have varied needs and complex motivations.
  - E. The change agent is sensitive to the way group pressures can support or inhibit change.
- A      GT      Fa

### *Resistance to Change*

226. \_\_\_\_\_ is often viewed as something that must be overcome in order for change to be successful.
- A. Political manoeuvring.
  - B. Power sharing.
  - C. Forced coercion.
  - D. Resistance to change.
  - E. Rational persuasion.
- D      GT      Fa
227. \_\_\_\_\_ can be viewed as feedback that an informed change agent can use constructively to modify a planned change to better fit situational needs and goals.
- A. Political manoeuvring.
  - B. Power sharing.
  - C. Rational persuasion.
  - D. Forced coercion.
  - E. Resistance to change.
- E      GT      Ap
228. Which perspective on "resistance to change" is most appropriate for the contemporary manager?
- A. Resistance must be stopped immediately because it can destroy the planned changed effort.
  - B. Resistance is best ignored when making changes.
  - C. Resistance provides feedback that can be used to achieve a better fit between the planned change, the situation, and the people involved.
  - D. Once resistance occurs, the change will surely fail.
  - E. Persuading people to change is better than forcing them to change.
- C      GT      Ap

229. A manager uses education and communication in order to overcome employee resistance to change. This means that the manager will \_\_\_\_\_.
- A. Allow employees to help design and implement the desired change.
  - B. Make use of discussions, presentations, or demonstrations to groups of employees in order to inform people of the proposed change.
  - C. Offer incentives, tradeoffs, or provide special benefits.
  - D. Use covert attempts to influence his/her employees.
  - E. Enlist the help of key personnel in planning the change.
- B GT Fa
230. A manager who uses participation and involvement in order to overcome employee resistance to change will \_\_\_\_\_.
- A. Use discussion, presentations, and demonstrations to educate people beforehand about the change.
  - B. Allow others to contribute ideas and help design and implement the change.
  - C. Provide encouragement and training beforehand about the change.
  - D. Try to covertly influence others by selectively providing information in favour of the desired change.
  - E. Threaten resisters with a variety of undesirable consequences.
- B GT Fa
231. The \_\_\_\_\_ approach for overcoming resistance to change involves providing encouragement and training, actively listening to problems, and helping resisters to deal with performance pressures.
- A. Manipulation and co-optation.
  - B. Education and communication.
  - C. Facilitation and agreement.
  - D. Facilitation and support.
  - E. Participation and involvement.
- D GT Fa
232. \_\_\_\_\_ involves offering incentives that appeal to actual or potential resisters, or making trade-offs in exchange for assurance that some desired change would not be blocked.
- A. Manipulation and co-optation.
  - B. Explicit and implicit coercion.
  - C. Facilitation and agreement.
  - D. Facilitation and support.
  - E. Participation and involvement.
- C GT Fa
233. Attempting covert influence by selectively providing information and structuring events in favour of the desired change is the \_\_\_\_\_ strategy of overcoming resistance to change.
- A. Manipulation and co-optation.
  - B. Explicit and implicit coercion.
  - C. Facilitation and agreement.
  - D. Facilitation and support.
  - E. Participation and involvement.
- A GT Fa

234. Threatening and/or reminding employees of undesirable consequences if they do not agree to proposed changes is the \_\_\_\_\_ approach to overcoming resistance to change.
- A. Manipulation and co-optation.
  - B. Explicit and implicit coercion.
  - C. Facilitation and agreement.
  - D. Facilitation and support.
  - E. Participation and involvement.
- B GT Fa
235. Which of the following is NOT a reason why people resist planned change?
- A. Loss of face.
  - B. Poor timing.
  - C. Disrupted habits.
  - D. Selfishness.
  - E. Work overload.
- D MN Fa
236. All of the following are reasons why people resist planned change EXCEPT:
- A. Not understanding what is happening or what comes next.
  - B. Feeling overwhelmed by the situation or feeling that things are moving too fast.
  - C. Feeling incapable of performing well under the new system.
  - D. Not seeing any reason for the change.
  - E. Self-centered, narrow-minded thinking.
- E MN Fa

### ***Challenges of Technological Change***

237. Technological change is most advantageous to organizations under which of the following conditions?
- A. When unexpected events occur.
  - B. When there is a good fit with work needs, practices, and people.
  - C. When employees are inadequately prepared to use the technology.
  - D. When the manager is unwilling to customize the new technology to the needs of the local situation.
  - E. When the manager is reluctant to gather new information relating to change.
- B GT Fa
238. Technological \_\_\_\_\_ may best be approached as an ongoing process that will inevitably require improvisation as things are being implemented.
- A. Stagnation.
  - B. Control.
  - C. Change
  - D. Assessment.
  - E. Leadership.
- C GT Fa

239. In implementing new technology, the change agent should \_\_\_\_\_.
- A. Be alert to resistance.
  - B. Continually gather and process information relating to the change.
  - C. Be willing to customize the new technology to best meet the needs of the local situation.
  - D. All of the above.
  - E. None of the above.
- D      GT      Fa

#### ORGANIZATION DEVELOPMENT (STUDY QUESTION 4)

240. \_\_\_\_\_ is a comprehensive approach to planned organizational change that involves the application of behavioural science in a systematic and long-range effort to improve organizational effectiveness.
- A. Organization development.
  - B. Organization expansion.
  - C. The organizational superstructure.
  - D. Strategic management.
  - E. Systemic organizational management.
- A      KT      Fa
241. In the context of planned organizational change, the letters “OD” stand for \_\_\_\_\_.
- A. Organization design.
  - B. Organization development.
  - C. Organizational diversity.
  - D. Open design.
  - E. Operating decisions.
- B      GT      Fa
242. \_\_\_\_\_ is an important way for leaders to share power to advance planned change agendas, foster creativity and innovation, and continuously improve organizational performance.
- A. The organizational superstructure.
  - B. Strategic management.
  - C. Organization development.
  - D. Organization expansion.
  - E. Systemic organizational management.
- C      GT      Fa

#### *Organization Development Goals*

243. The outcome goals of organizational development focus on \_\_\_\_\_.
- A. The way people work together.
  - B. How tasks are accomplished.
  - C. Improving individuals' job performance.
  - D. Changing human resource policies and procedures.
  - E. Improving employees' level of job satisfaction.
- B      GT      Fa

244. The process goals of organizational development focus on \_\_\_\_\_.
- A. The way people work together.
  - B. How tasks are accomplished.
  - C. Improving individuals' job performance.
  - D. Changing human resource policies and procedures.
  - E. Improving the design of work.
- A      GT      Fa
245. Thinking of organizational development as “planned change plus” means that change is accomplished in such a way that organizational members are \_\_\_\_\_.
- A. Limited in their choice about matters affecting them.
  - B. Influenced to change using force-coercion strategies of planned change.
  - C. Subject to having managers make all decisions for their work groups.
  - D. Capable of self-renewal and continued development.
  - E. Provided with expert solutions to technical problems.
- D      GT      Fa

### *How Organization Development Works*

246. Stages of the organization development process include all of the following EXCEPT:
- A. Establishing a change relationship.
  - B. Gathering and analyzing data.
  - C. Conducting an evaluation.
  - D. Establishing a leader.
  - E. Achieving a terminal relationship.
- D      GT      Fa
247. The first step in the organizational development process is \_\_\_\_\_.
- A. Establishing a working relationship with the client system.
  - B. Intervention into the client system.
  - C. Changing the client system.
  - D. Evaluation of change within the client system.
  - E. Diagnosis of the situation in the client system.
- A      GT      Fa
248. Which stage of the organization development process corresponds to unfreezing an existing situation?
- A. Establishing a change relationship.
  - B. Diagnosis.
  - C. Intervention.
  - D. Evaluation.
  - E. Achieving a terminal relationship.
- B      GT      Fa

249. Which stage of the organization development process corresponds to changing a situation?  
 A. Establishing a change relationship.  
 B. Diagnosis.  
 C. Intervention.  
 D. Evaluation.  
 E. Achieving a terminal relationship.  
 C GT Fa
250. Which stage of the organization development process corresponds to refreezing a new situation?  
 A. Establishing a change relationship.  
 B. Diagnosis.  
 C. Intervention.  
 D. Evaluation.  
 E. Achieving a terminal relationship.  
 D GT Fa
251. Which stage of the organization-development process corresponds to the consultant leaving the client?  
 A. Establishing a working relationship.  
 B. Achieving a terminal relationship.  
 C. Reinforcement.  
 D. Intervention.  
 E. Evaluation.  
 B GT Fa
252. \_\_\_\_\_ is a collaborative process of collecting data, using it for action planning, and evaluating the results.  
 A. Organizational diagnosis.  
 B. Operations analysis.  
 C. Action research.  
 D. Organizational research.  
 E. Business planning.  
 C KT Fa
253. Management perceives a performance gap and proceeds to analyze the situation via a process of systematically collecting data, feeding it back to the organization members for action planning, evaluating results by collecting more data, and repeating the process as necessary. The organization is using which approach?  
 A. Organization development process.  
 B. Action research.  
 C. Planned-change process.  
 D. Organization-innovation process.  
 E. Organization research.  
 B KT Ap

**Organization Development Interventions**

254. A(n) \_\_\_\_\_ is an activity initiated by change agents or managers to directly facilitate the change process.
- A. Organization development intervention.
  - B. Organization development objective.
  - C. Project plan.
  - D. Change activity chart.
  - E. Strategic plan.
- A      KT      Fa
255. Individual organization development interventions generally recognize that \_\_\_\_\_.
- A. Individuals need the guidance of a change agent.
  - B. Change does not come easily for most people.
  - C. The need for personal growth and development will be best satisfied in a supportive and challenging work environment.
  - D. People are not likely to assume responsibility for their actions.
  - E. Expecting a positive outcome or contribution from individuals is not likely if they are asked to change.
- C      GT      Fa
256. Sensitivity training, management training, role negotiation, job redesign, and career planning are organization development interventions designed to improve \_\_\_\_\_ effectiveness.
- A. Group.
  - B. Individual.
  - C. Team.
  - D. Managerial.
  - E. Organizational.
- B      GT      Fa
257. Which of the following is a correct description of individual interventions in organization development?
- A. Management training is an unstructured session where participants learn interpersonal skills and increased sensitivity to other people.
  - B. Sensitivity training involves structured educational opportunities for developing important managerial skills and competencies.
  - C. Job redesign focuses on structured interactions to clarify and negotiate role expectations among people who work together.
  - D. Role negotiation involves realigning task components to better fit the needs and capabilities of the individual.
  - E. Career planning provides structured advice and discussion sessions to help individuals plan career paths and programs of personal development.
- E      GT      Fa

258. Team interventions are based upon which of the following premises?
- A. Teams provide important means for helping people satisfy important needs.
  - B. Improved collaboration within teams can improve organizational performance.
  - C. Improved collaboration among teams can improve organizational performance.
  - D. All of the above.
  - E. None of the above.
- D      GT      Fa
259. Team building, process consultation, and intergroup team building are organization development interventions that are designed to improve \_\_\_\_\_ effectiveness.
- A. Team.
  - B. Individual.
  - C. Employee
  - D. Managerial.
  - E. Organizational.
- A      GT      Fa
260. Which of the following provides a correct description of team interventions in organization development?
- A. Team building utilizes structured experiences to help team members set goals, improve interpersonal relations, and become a better functioning team.
  - B. Process consultation uses third-party observation and advice on critical team processes.
  - C. Intergroup team building involves structured experiences to help two or more teams set shared goals, improve intergroup relations, and become better coordinated.
  - D. All of these accurately describe team interventions.
  - E. None of these accurately describe team interventions.
- D      GT      Fa
261. Which of the following statements concerning organization-wide organization development interventions is NOT accurate?
- A. Leadership is not as important for success as was once believed.
  - B. A change in one part of the system will affect other parts.
  - C. People, systems, and technology can be brought together in productive and satisfying working combinations.
  - D. Jobs and structures have a significant impact on productivity and satisfaction.
  - E. Organizational culture impacts members' morale and attitudes.
- A      GT      Fa
262. Survey feedback, the confrontation meeting, structural redesign, and management by objectives are all organization development interventions that are intended to improve overall \_\_\_\_\_ effectiveness.
- A. Team.
  - B. Individual.
  - C. Employee.
  - D. Managerial.
  - E. Organizational.
- E      GT      Fa

263. Which of the following statements regarding organization-wide interventions is incorrect?
- A. Survey feedback is a comprehensive and systematic data collection method to identify attitudes and needs, analyze results, and plan for constructive action.
  - B. Process consultation uses third-party observation and advice on critical departmental and team processes.
  - C. Confrontation meetings are one-day intensive, structured meetings to gather data on workplace problems and plan for constructive actions.
  - D. Structural redesign involves realigning the organization structure to meet the needs of environmental and contextual forces.
  - E. Management by objectives involves formalizing goal setting throughout the organization to link individual, group, and organizational objectives.
- B      GT      Fa

### STRESS AND STRESS MANAGEMENT (STUDY QUESTION 5)

264. The state of tension experienced by people who face extraordinary demands, constraints, or opportunities is called \_\_\_\_\_.
- A. Strain.
  - B. Stress.
  - C. Fear.
  - D. Depression.
  - E. Paranoia.
- B      KT      Fa
265. \_\_\_\_\_ goes hand-in-hand with the dynamic and sometimes uncertain nature of the managerial role.
- A. Job-related depression.
  - B. Job-related stress
  - C. The Type A personality.
  - D. Job turmoil.
  - E. Managerial upheaval.
- B      KT      Fa

### *Sources of Stress*

266. \_\_\_\_\_ are things that cause stress and originate in work, personal, and nonwork situations.
- A. Job characteristics.
  - B. Stressors
  - C. Type A personality characteristics.
  - D. Employee assistance programs.
  - E. Core competencies.
- B      GT      Fa

267. Work factors that can cause stress include \_\_\_\_\_.
- A. Excessively high or low task demands.
  - B. Role conflicts or ambiguities.
  - C. Poor interpersonal relations.
  - D. Career progress that is too slow or too fast.
  - E. All of the above.
- E      GT      Fa
268. \_\_\_\_\_ is the work-related stress syndrome where performance expectations are impossible or the support is totally inadequate to the task.
- A. Type A personality.
  - B. Distress.
  - C. Mistaken identity.
  - D. Set up to fail.
  - E. Eustress.
- D      GT      Fa
269. \_\_\_\_\_ is the work-related stress syndrome where the individual ends up in a job that doesn't match his/her talents or that he/she doesn't like.
- A. Type A personality.
  - B. Distress.
  - C. Mistaken identity.
  - D. Set up to fail.
  - E. Eustress.
- C      GT      Fa
270. The \_\_\_\_\_ personality is high in achievement orientation, impatience, and perfectionism.
- A. Achievement motivation.
  - B. Type A.
  - C. Type B.
  - D. High quality.
  - E. Driven.
- B      KT      Fa
271. Which of the following is NOT a characteristic behaviour of the Type A personality?
- A. Doing several things at once.
  - B. Feeling guilty when relaxing.
  - C. Trying to schedule more in less time.
  - D. Moving, walking, and eating rapidly.
  - E. Showing up late for work.
- E      GT      Fa
272. Family events, personal economics, and personal affairs are \_\_\_\_\_ that may influence the stress an individual experiences at work.
- A. Personal factors.
  - B. Work factors.
  - C. Constructive factors.
  - D. Nonwork factors.
  - E. Destructive factors.
- D      GT      Fa

*Consequences of Stress*

273. \_\_\_\_\_ acts in a positive way to increase effort, stimulate creativity, and encourage diligence in one's work.
- A. Visionary stress.
  - B. Constructive stress.
  - C. Solid stress.
  - D. Motivational stress.
  - E. Energizing stress.
- B      KT      Fa
274. \_\_\_\_\_ stress impairs the performance of an individual and is dysfunctional for the individual and/or the organization.
- A. Destructive.
  - B. Constructive.
  - C. Negative.
  - D. Intense.
  - E. Positive.
- A      KT      Fa
275. A form of physical and mental exhaustion that can be incapacitating both personally and with respect to one's work is \_\_\_\_\_.
- A. Job stress.
  - B. Type A behaviour.
  - C. Job burnout.
  - D. Workplace rage.
  - E. Eustress.
- C      KT      Fa
276. Excessively high or destructive stress in the workplace can lead to \_\_\_\_\_.
- A. Reduced performance.
  - B. Absenteeism.
  - C. Errors.
  - D. Accidents.
  - E. All of these.
- E      GT      Fa
277. \_\_\_\_\_ is overtly aggressive behaviour toward co-workers and the work setting in general.
- A. Job stress.
  - B. Type A behaviour.
  - C. Job burnout.
  - D. Workplace rage.
  - E. Eustress.
- D      GT      Fa

278. All but one of the following statements about the negative consequences of stress is true. Which statement is NOT true?
- A. Destructive stress results from intense or long-term stress that overloads or breaks down a person's physical and mental systems.
  - B. Destructive stress can lead to job burnout.
  - C. Excessive stress seldom, if ever, leads to overtly aggressive behaviour toward co-workers and the work setting in general.
  - D. Managers must know how to maintain the positive edge of constructive stress while avoiding destructive stress.
  - E. Too much stress can reduce resistance to disease and increase the likelihood of physical and/or mental illness.
- C GT Ap

279. Which of the following health problems can be influenced by stress?
- A. Hypertension.
  - B. Substance abuse.
  - C. Overeating
  - D. Depression.
  - E. All of these can be influenced by stress.
- E GT Fa

### ***Stress Management Strategies***

280. Which of the following statements is incorrect regarding the responsibility of managers for dealing with stress in the workplace?
- A. For reasons of better productivity, healthy employees make fewer errors and must be replaced less frequently.
  - B. People are more creative when they feel well, so managers should keep stress at comfortable levels.
  - C. Poor health due to stress may cause employees to reduce their contribution to the organization, so the return on investment to the company is lost.
  - D. People who are under a lot of stress at work will work harder in order to stay competitive with other employees, so the manager actually benefits by keeping stress levels high.
  - E. For humanitarian reasons alone, managers should enhance the employees' work setting and reduce stress-producing situations as much as possible.
- D GT Ap
281. The work factors that have the greatest potential to cause excessive stress include \_\_\_\_\_.
- A. Role conflicts.
  - B. Role ambiguities.
  - C. Role overloads.
  - D. All of the above.
  - E. None of the above.
- D GT Ap

282. \_\_\_\_\_ is a stress management strategy that includes taking individual responsibility for maintaining one's health through a disciplined approach to such things as smoking, alcohol or drug use, maintaining a nutritious diet, and engaging in a regular exercise and physical-fitness program.
- A. Stress prevention.
  - B. Stress coping.
  - C. Stress reduction.
  - D. Personal wellness.
  - E. Humanitarianism.
- D      KT      Fa
283. All of the following statements about personal wellness are accurate EXCEPT:
- A. Personal wellness describes the pursuit of one's physical and mental potential through a personal health-promotion program.
  - B. Personal wellness is an important fringe benefit in progressive companies.
  - C. Personal wellness is a form of preventive stress management.
  - D. Personal wellness is a lifestyle that reflects a true commitment to health.
  - E. People who aggressively maintain personal wellness are better prepared to deal with the inevitable stresses of work and work-life conflicts.
- B      GT      Fa

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