Name:____ Class:_________________________ Date:_____________

CHAPTER 1 - ORGANIZATIONS AND ORGANIZATION THEORY

1. According to Frederick Taylor's theory of scientific management, what should decisions about organizations and job design be based on?

   a. scientific procedures after careful study of individual situations

   b. insights of practitioners

   c. leadership, motivation, and human resource management

   d. management theory

ANSWER: a

2. Which statement best describes scientific management?

   a. It used scientifically tested methods of motivation to improve organizational performance.

   b. It is an outgrowth of the Hawthorne studies, which found that people performed best in an environment of clearly specified, narrow job task.

   c. It focuses on effectiveness rather than efficiency.

   d. It is successful at increasing output, in part through the use of incentive systems.

ANSWER: d

3. Which of the following emphasizes designing and managing organizations on an impersonal, rational basis through such elements as clearly defined authority and responsibility, formal record keeping, and uniform application of standard rules?

   a. administrative principles

   b. scientific management

   c. bureaucracy

   d. hierarchy

ANSWER: c

4. Interpretations of which of the following concluded that positive treatment of employees improved their motivation and productivity?

   a. administrative principles

   b. stakeholder approaches

   c. scientific management

   d. the Hawthorne studies

ANSWER: d

5. Today, organizations have to learn to cross lines of time, culture, and geography in order to survive. Why is this necessary?

   a. because of the need to be more socially aware

   b. because of quickly shifting customer expectations and environmental changes

   c. because of companies' ability to locate different parts of the organization wherever it makes the most business sense

   d. because organizations are engulfed by information technology that affects how organizations are designed and managed

ANSWER: c

CHAPTER 1 - ORGANIZATIONS AND ORGANIZATION THEORY

6. Which statement best characterizes an organization?

a. It is a goal-directed entity that has members who set goals and achieve them through strategic planning.

b. It is an entity with identifiable permanent boundaries.

c. It is goal-directed social entity that has a deliberately structured activity system and a permeable boundary.

d. It is a business that performs work activities and contributes to its society by employing people

ANSWER: c

7. What is the key element that makes an organization an organization and not just a group of individuals?

a. buildings and policies

b. people and their relationships

c. profits

d. facilities location

ANSWER: b

8. Managers of nonprofit organizations deal with many diverse stakeholders. To whom must they market their services in addition to donors and clients?

a. shareholders

b. volunteers

c. charitable organizations

d. employees

ANSWER: b

9. According to the textbook, why are organizations important to society?

a. They create value for owners, customers, and employees.

b. They establish important relationships with the government.

c. They reduce transactions costs.

d. They divide the resources needed for achieving desired goals and outcomes.

ANSWER: a

10. Which of the following is a main function of organizations?

a. They increase the challenges of diversity and ethics.

b. They limit innovation.

c. They resist adapting to and the influence of a rapidly changing environment.

d. They produce goods and services that customers want at competitive prices.

ANSWER: d

11. Which statement best describes an open system?

a. Outputs are continuously reused in a sustainable cycle of production and consumption.

b. Inputs are received from the environment, transformed, and then returned to the environment.

c. All the energy it needs is contained within itself.

d. Products and services are used to make inputs.

ANSWER: b

12. Which statement provides the best generic description of what an organization does?

a. It acquires inputs from the environment, transforms them, and discharges outputs back to the environment.
b. It operates its transformation processes independently from its environment.
c. It attempts to shield its transformation processes from the environment.
d. It focuses on the efficiency of its input acquisition and its transformation processes.

ANSWER: a

13. Where do nonprofit organizations usually get their resources?

a. government grants
b. selling shares
c. investment income
d. selling goods and services

ANSWER: a

14. What is characteristic of a system and its subsystem?

a. a transformation process that involves production, maintenance, adaptation, and management
b. an input selection known for being so accurate that it can be closed
c. subjective output criteria
d. boundary spanners connect employees to products and to organizational subsystems

ANSWER: a

15. Which subsystem would the surgery department in a hospital belong to?

a. production
b. boundary spanning
c. maintenance
d. management

ANSWER: a

16. What is a component of an organizational subsystem?

a. boundary subsystems responsible for exchanges with the external environment
b. maintenance subsystems responsible for keeping production facilities in operating order
c. human subsystems that serve as employees
d. technical subsystems that become the basis for information processing

ANSWER: a

17. What does the term technical core refer to?

a. computer hardware that runs information processing in the organization
b. people who do the basic work of the organization, producing product and service outputs

c. administrators who run the organization

d. top management who have been promoted from within and thereby know the inner core of organizational processes

ANSWER: b

18. Which one of Mintzberg's basic parts of an organization deals with functions such as human resources, organizational development, the employee cafeteria, and maintenance staff?

a. technical support

b. human infrastructure

c. administrative support

d. top management

ANSWER: c

19. Which of the following is one of Mintzberg's five basic parts of an organization?

a. administrative core

b. computer infrastructure

c. top management support

d. middle management

ANSWER: d

20. Which subsystem is responsible for directing and coordinating other parts of the organization?

a. the technical core

b. management

c. human resources

d. accounting

ANSWER: b

21. Which term provides a description of the internal characteristics of an organization?

a. contextual dimensions

b. contingency analysis

c. organizational dynamics

d. structural dimensions

ANSWER: d

22. Which structural dimension is best represented by the 385-page book McDonald's uses to describe all rules and procedures in each of its stores?

a. learning theory

b. sequential interdependence

c. formalization

d. specialization

ANSWER: c

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23. What is one of the elements of organizational design?
   a. cultural
   b. management
   c. structural
   d. technological

ANSWER: c

24. Which term refers to the degree to which organizational tasks are subdivided into separate jobs?
   a. formalization
   b. specialization
   c. professionalism
   d. centralization

ANSWER: b

25. Which term refers to the deployment of people to various functions and departments?
   a. professionalization
   b. specialization
   c. personnel ratios
   d. hierarchy of authority

ANSWER: c

26. Which statement best describes contextual and structural dimensions?
   a. They represent only the external environment.
   b. They are centralization and personnel ratios.
   c. They represent only the organizational characteristics.
   d. They provide a basis for the measurement and analysis of characteristics that cannot be seen by the casual observer.

ANSWER: d

27. Which of the following refers to how the organization actually produces the products and services it provides for customers and includes flexible manufacturing, advanced information systems, and the Internet?
   a. size of the organization
   b. organizational technology
   c. organizational goals
   d. organizational culture

ANSWER: b

28. What is a contextual, rather than a structural, dimension of an organization?
   a. labour force
   b. culture
   c. professionalism

d. centralization

ANSWER: b

29. What is demonstrated in the comparison of EllisDon and Tim Hortons in the textbook's "In Practice" activity?

a. Larger organizations need to have tight controls at the top.

b. Successful organizations can have very different strategies and goal emphases.

c. A moderate to high level of formalization is crucial to an organization's success.

d. Centralization is necessary in organizations when they face high levels of competition.

ANSWER: b

30. Which term describes the degree to which an organization achieves its goals?

a. effectiveness

b. efficiency

c. organizational strategy

d. stakeholder profitability

ANSWER: a

31. Which term integrates diverse organizational activities by looking at various constituents and what they want from the organization?

a. contextual dimensions

b. organizational culture

c. efficiency

d. stakeholder approach

ANSWER: d

32. In today's world, what do savvy managers recognize?

a. They cannot measure, predict, or control their environment.

b. Centralized structures help them cope with organizational demands.

c. They do the "thought" work while employees perform the labour.

d. Leadership is based on the thoroughness of written documents.

ANSWER: a

33. According to the textbook, what does the term contingency refer to?

a. Organizations should be structured loosely.

b. Management structure is determined by the era or times.

c. One thing depends on other things, such as structure depending on environment.

d. Designing and managing organizations is done on an impersonal, rational basis.

ANSWER: c

34. John Black, a management consultant, successfully implemented an MBO program on his first consulting job. He now recommends MBO to all his clients. In so doing, what aspect of organizational design would the

textbook say he is ignoring?

a. the latest techniques for solving problems

b. the principles of contingency theory

c. the external environment of the organization

d. the internal environment of the organization

ANSWER: b

35. Which statement best describes the learning organization?

a. They place high value on problem solving.

b. They emphasize training as the essential value.

c. They engage people in sessions focused on finding maximum organizational efficiency.

d. They facilitate better decision-making when the environment is unstable.

ANSWER: a

36. In a learning organization, what is used to encourage openness, equality, continuous improvement, and change?

a. empowerment

b. the culture

c. strategy

d. the structure

ANSWER: b

37. Which statement best describes organizational behaviour?

a. It is a micro approach to organizations, focusing on individuals.

b. It focuses on the whole organization as a unit of analysis.

c. It is an “umbrella” that encompasses the study of organizational theory.

d. It is a subset of organizational theory.

ANSWER: a

38. Which statement best describes organizational behaviour?

a. It is the same as the study of organizational theory.

b. It is a macro analysis of the whole organization.

c. It is focused on people, structure, and environment.

d. It is a micro approach focusing on the individual.

ANSWER: d

39. At what level is the primary level of analysis in organizational theory done?

a. environmental

b. organizational

c. departmental

d. individual

ANSWER: b

40. The classical perspective of organizational design sought to make organizations run like learning organizations in a turbulent environment.
    a. True
    b. False

ANSWER: False

41. Scientific management focused on the total organization and grew from the insights of practitioners.
    a. True
    b. False

ANSWER: False

42. Scientific management focused on primarily the technical core, whereas administrative principles focused on the design and functioning of the organization as a whole.
    a. True
    b. False

ANSWER: True

43. A key element of an organization is a building or set of policies and procedures, not the people and their relationships.
    a. True
    b. False

ANSWER: False

44. Because of the Hawthorne Studies, a revolution in worker treatment took place and laid the groundwork for subsequent work examining treatment of workers, leadership, motivation, and human resource management.
    a. True
    b. False

ANSWER: True

45. A closed system would be autonomous, enclosed, and sealed off from the outside world, whereas an open system consumes resources and exports resources to the environment.
    a. True
    b. False

ANSWER: True

46. Outputs of an organization include employees, raw materials and other physical resources, information, and financial resources.
    a. True
    b. False

ANSWER: False

47. In the transformation process, “output” deals with financial resources.

a. True
b. False

ANSWER: False

48. The amount of written documentation in the organization is called formalization.
a. True
b. False

ANSWER: True

49. The structural dimensions of organization design are formalization, specialization, culture, environment, hierarchy of authority, professionalism, and goals and strategy.
a. True
b. False

ANSWER: False

50. Common structural variables studied as dimensions of organizations are goals, culture, and environment.
a. True
b. False

ANSWER: False

51. The underlying set of key values, beliefs, understandings, and norms shared by employees is referred to as an organization's culture.
a. True
b. False

ANSWER: True

52. Contextual and structural dimensions are NOT dependent on each other.
a. True
b. False

ANSWER: False

53. An organization's culture is usually contained in the written policy manual.
a. True
b. False

ANSWER: False

54. Efficiency refers to the amount of resources used to achieve the organization's goals, whereas effectiveness refers to the degree to which an organization achieves its goals.
a. True
b. False

ANSWER: True

55. The stakeholder approach integrates diverse organizational activities by looking at various organizational stakeholders and what they want from the organization.

a. True
b. False

ANSWER: True

56. Usually, an organization can easily satisfy the demands of all of its stakeholders simultaneously.
a. True
b. False

ANSWER: False

57. Research has shown that the assessment of multiple stakeholder groups is an accurate reflection of organizational effectiveness, especially with respect to organizational adaptability.
a. True
b. False

ANSWER: True

58. Contingency means that one thing depends on other things, and for organizations to be effective, there must be a “goodness of fit” between their structure and the conditions of their external environment.
a. True
b. False

ANSWER: True

59. For much of the 20th century, organizations operated in a world that was relatively stable, but today the environment can be characterized as turbulent.
a. True
b. False

ANSWER: True

60. Organizations today have rigid boundaries separating them from other organizations.
a. True
b. False

ANSWER: False

61. In the learning organization, the vertical structure that creates distance between managers at the top and workers in the technical core is disbanded.
a. True
b. False

ANSWER: True

62. In the learning organization, everyone knows how the organization works and how everything fits together.
a. True
b. False

ANSWER: True

63. The primary level of analysis in organizational theory is first-line supervision.

a. True
b. False

ANSWER: False

64. Organization theory is a macro examination of organizational activity, emphasizing structure and behaviour at the organization level of analysis.

a. True
b. False

ANSWER: True

65. Early management theorists believed that organizations should strive to be logical and rational, with a place for everything and everything in its place. Discuss the pros and cons of this approach for today's organizations.

ANSWER: Early management theorists thought in terms of machine system efficiency. The external environment may have been more stable and the technology more simple making an orderly organizational system possible. This approach to management will not work today. Organizations must adapt to the external environment, cope with differences in goals and commitment of employees, survive in a chaotic world, and try to cope with the enormous complexity of social systems. Managers can try to increase the logic, rationality, and efficiency of organizations, but they will not achieve a system of perfect order, and should not feel that they are failures when they cannot do so.

66. Discuss why the Hawthorne Studies are so important to today's organizations and their workers.

ANSWER: The Hawthorne Studies showed that the positive treatment of employees improved their morale and productivity. Therefore, organizations need to consider people, as well as structures and processes, when they make design choices.

67. What differences might one expect among stakeholder expectations for a nonprofit organization versus a for-profit business? Do you think nonprofit managers have to pay more attention to stakeholders than do business managers? Discuss.

ANSWER: Stakeholders in a for-profit business want the company to be successful and to make a profit. While they are concerned with social responsibility, this will most likely be a secondary consideration. Managers in a nonprofit are expected to direct their efforts toward generating some kind of social impact. They are expected to keep costs low and be highly efficient to demonstrate to supporters that they are serving the public. They must pay more attention to stakeholders because the stakeholders determine funding and direction of the organization.

68. Defend this statement: Diversity is a fact of life that no organization can afford to ignore.

ANSWER: An organization must reflect, in its design, the degree of diversity in its environment if it is to interact successfully with its environment.

69. List the seven reasons organizations exist.

ANSWER: Organizations exist to do the following: (1) bring together resources to achieve goals, (2) create products/services efficiently, (3) facilitate innovation, (4) use modern technologies, (5) adapt to and influence their environments, (6) create value for stakeholders, and (7) accommodate ongoing challenges of diversity, ethics, and the motivations and coordination of employees.

CHAPTER 1 - ORGANIZATIONS AND ORGANIZATION THEORY

70. Define an open system. Describe and illustrate the open system in action.

ANSWER: An open system must interact with its environment to survive. It cannot seal itself off. Individuals, Earth, and Air Canada are all examples of open systems.

71. What is meant by saying that an organization is a system?

ANSWER: Organizations have interacting elements or subsystems that consist of inputs, throughputs, and outputs. Organizations acquire inputs such as resources from the environment, then transform them by various throughput processes, and then generate outputs such as products and services.

72. Henry Mintzberg suggests that there are five parts to every organization. List and describe each of these five parts.

ANSWER: Mintzberg's five parts are (1) the technical core, which includes the people who do the fundamental work of the organization; (2) the technical support function, which helps the organization adapt to the environment; (3) the administrative support function, which is responsible for the smooth operation and maintenance of the organization; (4) top management, which is responsible for directing and coordinating all the parts of the organization; and (5) middle management, which is responsible for implementation and coordination of departments.

73. Describe the difference between formalization and specialization. Is it possible for an organization to be high in one and low in the other or vice versa?

ANSWER: Formalization refers to the amount of documentation that details an organization's standard operating procedures. Specialization, however, refers to the division of labour. In a government agency, there would likely be a high degree of formalization but not necessarily a high degree of specialization. In an R&D lab, there would likely be a high degree of specialization but not necessarily a high degree of formalization.

74. Name and define any two structural dimensions and any two contextual dimensions.

ANSWER: **Two Structural Dimensions**: (1) formalization, which refers to the amount of written documentation and (2) centralization, which refers to locus of decision making in the hierarchy.
Two Contextual Dimensions: (1) size, which refers to the organization's magnitude as measured by the number of people in the organization and (2) culture, which refers to the underlying values and norms shared by the members of the organization.

75. Define effectiveness and discuss why it is sometime difficult for organizations to be effective.

ANSWER: Effectiveness is doing the right thing, i.e., an organization achieving goals. It can be difficult for an organization to be effective because different stakeholders can and do have different goals for the organization. As well, effectiveness and efficiency are confounded and so organizations that focus on efficiency may become ineffective.

76. Discuss chaos theory.

ANSWER: Chaos theory suggests that relationships in organizations are nonlinear and consist of many interconnections and our choices in such a context can have significant unintended consequences. Often it is described by the term *butterfly effect*.

77. Describe the learning organization in terms of its five elements of organizational design: structure, tasks, systems, culture, and strategy.

ANSWER: A learning organization has a horizontal nimble structure, empowered roles and tasks, open systems of information sharing, an adaptive culture, and a collaborative strategy.

78. Compare and contrast traditional organizations and learning organizations.

ANSWER: Traditional organizations are mechanistic in design, characterized by a vertical structure, rigid culture, competitive strategy, formal systems, and routine tasks, and they operate in a stable environment in which they seek to achieve efficient performance. In contrast, learning organizations are organic in design and are characterized by a horizontal structure, adaptive culture, collaborative strategy, shared information, and empowered roles, and they operate in a turbulent environment and seek to achieve learning.

79. Why is shared information so important in a learning organization as compared to an efficient performance organization? Discuss how an organization's approach to information sharing might be related to other elements of organizational design, such as structure, tasks, strategy, and culture.

ANSWER: Shared information and collaboration is the basis for horizontal workflow between employees and from employees to customers, suppliers, and others in the environment. By sharing information, all employees become the eyes and ears which prevent rigidity in culture that might otherwise lure management into complacency.

80. What is the role of administrative principles in the era of learning organizations?

ANSWER: Administrative principles are needed to provide some measure of stability as the organizations pursue change and learning in turbulent environments.

81. What is the difference between organization theory and organizational behaviour?

ANSWER: Organization theory studies organizations and their processes while organizational behaviour studies people and their behaviours. Organization theory addresses the macro and sometimes the meso levels of analysis while organizational behaviour addresses the micro and sometimes the meso levels of analysis.

Name:____ Class:_________________________ Date:_____________

CHAPTER 2 - STRATEGY, ORGANIZATIONAL DESIGN, AND EFFECTIVENESS

1. Top managers have a number of roles in the achievement of organizational effectiveness. Which of the following is included in an examination of the internal environment?

a. opportunities

b. weaknesses

c. uncertainty

d. resource availability

ANSWER: b

2. Top managers have a number of roles in achieving organizational effectiveness. Which of the following is included in an examination of the external environment?

a. threats

b. mission

c. production technology

d. strengths

ANSWER: a

3. What do the choices top managers make about goals, strategies, and organizational design have a tremendous impact on?

a. organizational profitability

b. organizational efficiency

c. organizational effectiveness

d. organizational market share

ANSWER: c

4. What is top management doing when looking for strengths and weaknesses?

a. assessing the external environment

b. analyzing the competition

c. evaluating the internal situation in order to define its distinctive competence

d. determining the effectiveness of operational outcomes

ANSWER: c

5. What is the primary responsibility of top management?

a. to perform the organization’s SWOT analysis

b. to determine goals, strategy, and design, in adaptation to the environment

c. to set a motivating culture for all employees

d. to formalize and centralize the firm

ANSWER: b

6. What needs to occur in order to ensure that goal setting and strategy selection are done well?

a. The environment is ignored but the organization’s strengths and weaknesses are evaluated to determine the appropriate goals and strategy.

b. Goals are set high so they can rarely be attained.

c. Environmental needs dictate goals and strategies and the organization is redesigned accordingly.

d. Environment and current structure and goals are considered simultaneously.

ANSWER: c

7. What is another term for mission?

a. operative goals

b. decision guidelines

c. official goals

d. performance standards

ANSWER: c

8. Google has stated that its official goal is to not be evil. What does this provide them with in the eyes of stakeholders?

a. measurable objectives

b. legitimacy

c. employee direction

d. decision guidelines

ANSWER: b

9. What represents the best way to measure the overall performance of for-profit organizations?

a. efficiency

b. earnings per share

c. innovation

d. productivity

ANSWER: b

10. Mini-Markets wants to capture 25% of the convenience market business in PEI. What type of goal is this?

a. official

b. operative

c. generic

d. legitimacy

ANSWER: b

11. What type of operative goals includes training, promotion, safety, and individual personal growth?

a. market share

b. innovation

c. productivity of the industry

d. employee development

ANSWER: d

12. What kind of carefully balanced goals do successful organizations use?

a. operative

b. innovation
c. visionary
d. generic

ANSWER: a

13. Which term is traditionally defined as the extent to which goals are realized in the organization?

a. efficiency
b. scientific management
c. strategy
d. effectiveness

ANSWER: d

14. Which term refers to a plan for interacting with the competitive environment to achieve organizational goals?

a. strategy
b. design
c. culture
d. structure

ANSWER: a

15. Which of the following are models for formulating organizational strategies?

a. Perrow’s typology and Porter’s model
b. Perrow’s typology and Pfeiffer’s typology
c. Porter’s model and Miles and Snow’s typology
d. Pfeiffer’s typology and Miles and Snow’s model

ANSWER: c

16. Whose work refers to the differentiation strategy?

a. Frederic Taylor’s scientific management
b. Henri Fayol’s Hawthorne Studies
c. Michael Porter’s competitive strategies
d. K. D. Bowerman’s “Strategy for Empowerment”

ANSWER: c

17. What kind of strategy can reduce rivalry with competitors and fight off the threat of substitute products because customers are loyal to the company’s brand?

a. low-cost leadership
b. focused
c. defensive
d. differentiation

ANSWER: d

18. Which statement best explains Porter’s differentiation strategy?
    a. Differentiation strategies address whether the market scope is broad or narrow.
    b. Differentiation can be broken down into low-cost or broad-scope categories.
    c. An airline using the differentiation strategy would be likely to offer travellers refreshments at a reasonable price rather than serve free meals.
    d. The statement by Starbucks’s international president that “We’re not in the business of filling bellies, we’re in the business of filling souls” is indicative of a differentiation strategy.

ANSWER: d

19. What kind of strategy is concerned primarily with stability rather than taking risks or seeking new opportunities for innovation and growth?
    a. focused
    b. low-cost leadership
    c. differentiation
    d. intensive

ANSWER: b

20. What strategy is exemplified by the slogan “We’re a no-frills business! When we save, you save!”?
    a. low-cost leadership
    b. differentiation
    c. focus
    d. legitimacy

ANSWER: a

21. Which statement best describes the focus strategy?
    a. It is known for its creative flair.
    b. It utilizes strong central authority.
    c. It involves detailed control reports for targeting areas of emphasis.
    d. It concentrates on a specific regional market or buyer group.

ANSWER: d

22. Which statement best describes the prospector strategy in Miles and Snow’s typology?
    a. It attempts to maintain a stable business environment by finding a middle ground between stability and innovation.
    b. It most closely resembles Porter’s low-cost leadership strategy.
    c. It responds to environmental threats in an ad hoc fashion without revealing a clear strategy.
    d. It seeks innovation or risk taking and is therefore best suited to the dynamic environment.

ANSWER: d

23. Which idea is the basis of Miles and Snow’s strategy typology?
    a. Strategy should correspond to technology.
    b. Strategy should be congruent with external environment.

c. Strategy should be based on human resource capability.

d. Strategy should be a "fit" to the economic resource base.

ANSWER: b

24. What kind of strategy tries to maintain a stable business while innovating on the periphery?

a. reactor

b. prospector

c. analyzer

d. defender

ANSWER: c

25. Which strategy type from Miles and Snow's typology best matches with a strong capability in research, a decentralized structure, and an emphasis on flexibility?

a. reactor

b. low-cost leadership

c. prospector

d. analyzer

ANSWER: c

26. What is required to support a firm's competitive approach?

a. its financial standings

b. its organizational design characteristics

c. its informal communication channels

d. its environment for green movement

ANSWER: b

27. What does the resource-based approach emphasize?

a. input into an organization

b. output of an organization

c. achievement of profitability

d. amount of inventory left idle by the organization

ANSWER: a

28. What is a strength of the internal process approach?

a. It tells management how well the internal processes mesh with the external environment.

b. It considers human resources and employee-oriented processes.

c. It emphasizes inputs into the organization.

d. It emphasizes outputs of the organization.

ANSWER: b

29. If one is measuring work climate, group loyalty, and worker–management communication as an indication of effectiveness, what approach is most likely being used?

a. internal process

b. strategic human resources

c. quality control

d. stakeholder approach

ANSWER: a

30. Which of the following is a contingency approach to the measurement of organizational effectiveness?

a. whether the organization's internal activities and processes are efficient

b. the system resource approach, which examines product and service outputs

c. stakeholders' views on effectiveness

d. which competing values are applicable

ANSWER: a

31. What kind of approach to organizational effectiveness is concerned with the output side and whether the organization achieves effectiveness in terms of desired levels of output?

a. goal

b. resource-based

c. analytical

d. internal process

ANSWER: a

32. When using the goal approach to effectiveness evaluation, what kind of goals is it best to use?

a. operative

b. official

c. low-level

d. nonmeasurable

ANSWER: a

33. Which statement best describes the goal approach to measuring effectiveness?

a. Full assessment of effectiveness should consider several goals simultaneously because high achievement on one goal may mean low achievement on another.

b. Priority setting requires that only one goal at a time can be achieved.

c. Examine the beginning of a process and evaluate if the organization effectively gains its needed resources.

d. Assess the organization's activities and assess effectiveness based on efficiencies.

ANSWER: a

34. The chief of one police force emphasizes the number of arrests while another police chief emphasizes community outreach. Which effectiveness value is the second police chief most likely using?

a. human relations

b. open-systems

c. rational-goal

d. internal-process

ANSWER: b

35. Which competing-values approach provides management with structural control and an external focus?
    a. open-systems emphasis
    b. rational-goal emphasis
    c. internal-process emphasis
    d. human relations emphasis

ANSWER: b

36. Which two dimensions (i.e., axes) are the competing-values approach to effectiveness based on?
    a. open/closed system and values/beliefs of managers
    b. internal/external focus and flexible/structured control
    c. high/low analyzability and high/low variety
    d. environmental change and environmental complexity

ANSWER: b

37. The Stevens Corporation has goals that reflect deeply rooted values of growth and resource acquisition. In the competing-values approach to effectiveness evaluation, primarily which quadrant would the company be considered to be in?
    a. rational-goal emphasis
    b. internal-process emphasis
    c. open-systems emphasis
    d. human relations emphasis

ANSWER: c

38. A firm’s goals revolve around employee training, empowerment, and autonomy. Which of the competing-values approaches to effectiveness evaluation would the firm use?
    a. human relations emphasis
    b. rational-goal emphasis
    c. open-systems emphasis
    d. internal-process emphasis

ANSWER: a

39. Which statement best describes the idea of a balanced scorecard for organizations when assessing organizational effectiveness?
    a. Profits should be less important to an organization than doing good.
    b. All of an organization’s critical success factors are identified and evaluated.
    c. Internal business processes efficiency needs to be the priority and then everything else will be balanced.
    d. The organization’s inputs and outputs need to be equivalent in order to ensure efficiency.

ANSWER: b

40. Which of the following best describes the big questions that strategy researchers are looking at today?
  a. Which organizational types are best suited for different organizational strategies?
  b. What are the effects of different organizational strategies on sociopolitical institutions?
  c. How do organizations change and function in our society and around the world?
  d. Why do particular industries follow particular strategies?

ANSWER: c

41. The primary responsibility of top management is to determine an organization's goals, strategy, and design, therein adapting the organization to a changing environment.
  a. True
  b. False

ANSWER: True

42. Before the mission is defined and goals are set, top management should assess the organization's strengths, weaknesses, opportunities, and threats as well as its own.
  a. True
  b. False

ANSWER: True

43. Organizational mission and operative goals are the same thing.
  a. True
  b. False

ANSWER: False

44. Official goals address issues pertaining to corporate legitimacy.
  a. True
  b. False

ANSWER: True

45. Experienced managers are likely to interpret the environment similarly and therefore end up with similar strategic goals, thus causing a cooperative situation to occur.
  a. True
  b. False

ANSWER: False

46. Operative goals refer to the formally stated definition of business scope and outcomes the organization is trying to achieve.
  a. True
  b. False

ANSWER: False

47. Growth and output volume are examples of overall performance goals.
  a. True

b. False

ANSWER: True

48. A productivity goal could be stated in terms of "cost for a unit of production," "units produced per employee," or "resource cost per employee."

a. True

b. False

ANSWER: True

49. A market goal would typically be stated in terms of net income, earnings per share, or return on investment.

a. True

b. False

ANSWER: False

50. Innovation and change goals are decreasingly important, even though they initially cause a large increase in profits.

a. True

b. False

ANSWER: False

51. Official goals represent the reason for an organization's existence and the outcomes it seeks to achieve.

a. True

b. False

ANSWER: True

52. Goals and strategies are usually fixed and remain unchanged once top management agrees upon them.

a. True

b. False

ANSWER: False

53. A strategy is a plan for achievement of organizational goals.

a. True

b. False

ANSWER: True

54. Differentiation is the strategy specifically designed for organizations to innovate, take risks, and grow.

a. True

b. False

ANSWER: False

55. Organizations using the differentiation strategy try to distinguish their products or services from others in the industry.

a. True

b. False

ANSWER: True

56. The low-cost leadership strategy is known for requiring skills based on strong marketing ability, creative flair, strong capability in basic research, and corporate reputation for technological leadership.
    a. True
    b. False

ANSWER: False

57. A differentiation strategy calls for a learning approach, whereas a low-cost strategy should be paired with an efficiency approach.
    a. True
    b. False

ANSWER: True

58. A defender strategy is concerned with internal efficiency and control to produce reliable, high-quality products for steady customers.
    a. True
    b. False

ANSWER: True

59. The reactor strategy is a strategy because it responds to environmental threats and opportunities in a strategic fashion.
    a. True
    b. False

ANSWER: False

60. If an organization has well-developed goals for profitability, then that is all it needs to determine its effectiveness.
    a. True
    b. False

ANSWER: False

61. One would expect the effectiveness criteria of a football team to be affected by goal measurability.
    a. True
    b. False

ANSWER: True

62. The internal process approach to effectiveness uses both cultural and economic measures.
    a. True
    b. False

ANSWER: True

63. The competing values approach to effectiveness demonstrates that only one managerial value (or effectiveness criterion) can be used, and managers must decide which of the four competing values they will follow.

a. True
b. False

ANSWER: False

64. The rational goal emphasis incorporates the values of an internal focus and a flexible structure, whereas the internal process emphasis reflects the values of internal focus and structural control.

a. True
b. False

ANSWER: False

65. You are talking at a social event with a top manager of another company about her company's effectiveness. She says flippantly, "Effectiveness is not an issue for me, because effectiveness is however I define it." Evaluate her claim.

ANSWER: Her claim has some merit. Managers define the goals of the organization and they define the extent to which the organization is performing well. These factors are not fixed or given from the environment. One of the important roles of management is to define goals and effectiveness, and these factors are then taken into account by other people at lower levels within the organization. However, it is arguable that society's view is paramount, and the organization should do what is best for the larger culture. This point of view reflects a constituency criterion, and can also be accepted as legitimate. Many managers working within organizations, however, would not accept this approach to effectiveness as superior to their own definition.

66. Contrast official goals and operative goals, and provide an example that illustrates each.

ANSWER: Official goals, known also as the mission, are those that state the organization's purpose. Operative goals describe actual specific measurable outcomes. The mission of the London Police Service is an example of an official goal, and a goal such as "The guns and drugs task force will arrest 25% more suspects in 2009 than in 2008" is an example of an operative goal.

67. What is the difference between a goal and a strategy? Give an example that illustrates each.

ANSWER: A strategy is a plan for an organization to compete in its chosen environment to achieve its goals. Strategies define how an organization will accomplish its goals, i.e., where the organization wants to go. A goal for a nonprofit organization might be to increase its income sources by 15% and the strategy to achieve that goal might include applying to many foundations, creating partnerships with for-profit organizations, starting a social enterprise, and so on.

68. Apply Porter's model for formulating strategies to the following situation: Quebecor Printing is a commercial printing company that is expanding, acquiring ailing printing companies, and moving into international markets. It has completed more than 100 mergers and buyouts since 1972, and has focused on customized service by using "selective binding" to print, e.g., two dozen versions of *Reader's Digest* for different urban and regional markets.

ANSWER: Quebecor Printing seems to be following Porter's focused differentiation strategy as it is targeting specific regional markets. It could continue to buy more ailing companies in Canada and use the same targeted approach for acquiring and managing its international companies.

69. List and describe Porter's competitive strategies.

ANSWER: There are three strategies in Porter's typology; they are determined by looking at competitive scope and competitive advantage: (1) organizations using the low-cost leadership strategy try to increase market share by low cost relative to competitors; (2) organizations using the differentiation strategy try to distinguish their products/services from their competitors'; (3) and organizations using the focus strategy concentrate on a specific regional market or buyer group. Some organizations will have a focused low-cost leadership strategy and others will use a focused differentiation strategy.

70. What is the difference between a differentiation strategy and a focus strategy?

ANSWER: A differentiation strategy involves distinguishing the organization from its competitors, while a focus strategy involves the range of markets or groups the organization is targeting.

71. Based on the following description, put the strategy of Granite Rock Company into a theoretical context and explain its approach in "textbook terms." We know that Granite Rock tracks its actual operations in at least 40 measurable ways, each plotted and posted on graphs and charts at every plant. The company surveys customers to rate itself and competitors, and aims to outperform the group average by 33%. When Granite Rock doesn't achieve its goal, management charts the daily operations, and are assured that their employees will see a negative and want to do something about it.

ANSWER: Granite Rock Company appears to be following a differentiation strategy and is using goal approach for assessing its effectiveness.

72. You have just been hired by a large organization to serve as a first-line supervisor, but because you are in an influential department, you have the opportunity to meet the top managers at a company party and to speak with the CEO about his or her responsibilities. Knowing the responsibilities and types of decisions made by top management as we studied them in organizational theory, what would you discuss about the organization with the CEO?

ANSWER: You would discuss with the CEO how he or she sets the organization's strategy and how he or she evaluates the organization's effectiveness.

73. What is the specific overlap between effectiveness and efficiency?

ANSWER: Effectiveness, while a broad concept, must consider a range of variables at both the organizational and departmental levels. Efficiency looks at the use of organizational inputs or resources to produce output. The overlap lies in the organizational and departmental use of the resources.

74. Define and describe each of the contingency effectiveness approaches.

ANSWER: There are three approaches: (1) the goal approach is concerned with the output side and whether the organization achieves its goals in terms of desired levels of output; (2) the resource approach looks at the input side of the transformation process; and (3) the internal process approach measures effectiveness by the internal health and efficiency of the organization.

75. When would you recommend that the resource-based approach be used to gauge organizational effectiveness?

ANSWER: The resource-based approach to gauge effectiveness is useful when other indicators of performance are hard to get. Nonprofit organizations would use it, because they may find it difficult to measure output goals and internal efficiency.

76. Describe the internal-process effectiveness measure of economic efficiency.

ANSWER: The measure looks at the extent to which an organization's internal processes run well, particularly employee-oriented processes.

77. What does a competing-values approach have to do with organizational effectiveness?

ANSWER: The competing-values approach tries to balance and to integrate the different contingency approaches into one framework.

78. The new general manager of a (Broadway-style) theatre in Toronto wants to assess the theatre's effectiveness as an organization. Although the theatre has grown because of its stylish productions, management from a business perspective has been relatively absent. Based on our study in organizational theory, how should the general manager approach the assessment of effectiveness?

ANSWER: It would be useful to map the theatre's values on the four quadrants of the Quinn and Rohrbaugh effectiveness values. That way, the theatre could see where it needs to develop a better understanding of, and better metrics for, its performance.

79. Assume that a nonprofit organization is very successful at obtaining grants to support its activities. However, employees believe that a hostile work environment exists. You have heard that recipients of the organization's services run the range of satisfaction with services provided. If you came in as an outside evaluator to this situation, describe and defend the method would you use for assessing effectiveness.

ANSWER: I would use the Quinn and Rohrbaugh effectiveness values matrix and collect data to map the organization on the four quadrants. Then I would see if the organization needs to shift its effectiveness criteria so that it will realize that it must look not only at output measures but also at its human relations.

80. Some people believe that athletics is overemphasized in universities; others believe that it is underemphasized. How would you go about measuring the effectiveness of a university relative to its athletics program?

ANSWER: I would look at a combination of internal and external variables such as (1) the sport and academic performance of the athletes, (2) the calibre of the athletes who apply to the university, (3) the amount of monies donated to the university for research in sport, (4) the response of the university's alumni to athletic events, and (5) the future careers of the athletes to try to develop a balanced scorecard. I would also weight their importance. In a research-intensive university, criterion (3) would be weighted as the most important.

81. In an introductory management course, the professor was quoted as saying that "organizational effectiveness is simply the degree to which the organization achieves its pre-set goals." Is he correct?

ANSWER: No, because organizational effectiveness is a complicated multidimensional concept.

82. Some organizations do not formally set goals. How should their effectiveness be measured?

ANSWER: A resource-based approach could be used. The organization's bargaining position, its ability to perceive accurately the external environment, its use of resources, and its adaptability to changes in the environment might be assessed.

Name:________________________ Class:________________ Date:________

CHAPTER 3 - FUNDAMENTALS OF ORGANIZATIONAL STRUCTURE

1. What element of organizational structure deals with the pattern of interactions among employees?
   a. the design of systems to ensure effective communication, coordination, and integration of effort across each position
   b. the identification of the tasks and processes for each position within the organization
   c. the grouping together of individuals into departments and of departments into the total organization
   d. designating formal reporting relationships, including the number of levels in the hierarchy and the span of control of managers and supervisors

ANSWER: a

2. According to a researcher in organizational structure, what is important about managing information in an organization?
   a. Information should flow horizontally, but not vertically.
   b. Information should flow vertically, but not horizontally.
   c. The structure should fit the information requirements of the organization.
   d. It is not possible to give people too much information.

ANSWER: c

3. Which of the following are used to coordinate activities between the top and bottom of an organization and are designed primarily for control of the organization?
   a. horizontal linkages
   b. functional groupings
   c. vertical linkages
   d. divisional groupings

ANSWER: c

4. Which of the following is being used when problems and decisions are funnelled to top levels of the hierarchy for resolution?
   a. centralized decision making
   b. functional structure
   c. horizontal linkage
   d. full-time integration

ANSWER: a

5. What structural device includes periodic reports, written information, and computer-based communications distributed to managers?
   a. rules and plans
   b. hierarchical referral
   c. vertical information systems
   d. task forces

ANSWER: c

6. What horizontal linkage mechanism includes a liaison person who communicates and coordinates activities

between other departments?

a. direct contact
b. task forces
c. information systems
d. teams

ANSWER: a

7. Why would an organizational structure researcher say horizontal linkage mechanisms are important to an organization?

a. They cause employees to feel a lack of unity of command.
b. They coordinate functional areas when added to a divisional structure.
c. They confuse vertical linkages.
d. They enable people in different functional departments to exchange information.

ANSWER: d

8. When does a liaison role exist?

a. when there is direct contact between managers affected by a problem
b. when there is an exchange of paperwork about a problem
c. when a temporary committee composed of representatives from each department affected by a problem is formed
d. when a person located in one department is required to communicate and coordinate other departments

ANSWER: d

9. Which statement best defines the role of a "full-time integrator"?

a. He or she improves vertical linkage of the organization.
b. He or she is responsible for the entire project and is located outside of any one department.
c. He or she reports to one of the functional departments being coordinated.
d. He or she has the responsibility of coordinating only one department.

ANSWER: b

10. Which of the following would best be linked with "full-time integrator"?

a. product manager
b. task force
c. direct contact
d. vertical control

ANSWER: a

11. Which of the following is made up of organizationally or geographically dispersed members who are linked primarily through advanced information and communications technologies?

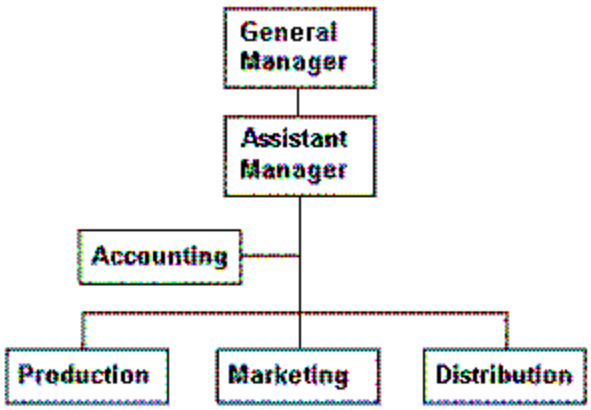
a. virtual teams
b. task forces

c. full-time integrators

d. information systems

ANSWER: a

Organizational Chart 3.1



12. Refer to Organizational Chart 3.1. What can we accurately conclude from Organizational Chart 3.1?

a. There should be no assistant manager.

b. The company has a functional structure.

c. The company has a divisional structure.

d. The general manager has a span of control of five.

ANSWER: b

13. Refer to Organizational Chart 3.1. What are some of the strengths of the structure shown in Organizational Chart 3.1?

a. clear and simple product responsibility

b. the hierarchy makes activity cost determination straightforward

c. suitability for an unstable environment

d. economies of scale

ANSWER: d

14. Refer to Organizational Chart 3.1. From the perspective of an organizational structure analyst, what is the best assessment of the structure shown in Organizational Chart 3.1?

a. It could have a weakness of slow response to environmental changes that require coordination across functional areas.

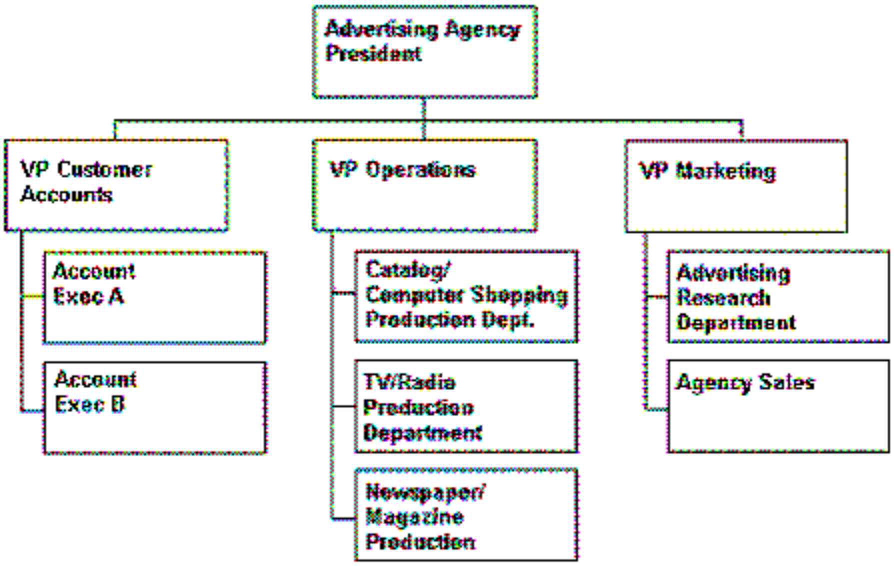
b. It should be changed immediately to a horizontal grouping if the company is growing.

c. It would have increased the span of control for the general manager when the assistant manager position was added.

d. It has caused high levels of bureaucracy.

ANSWER: a

Organizational Chart 3.2



15. Refer to Organizational Chart 3.2. From the perspective of an organizational structure analyst, what is the best assessment of the structure shown in Organizational Chart 3.2?
   a. To lower fixed costs, this organization should change to a divisional structure with customer account executives heading each major division.
   b. To improve the communications flow, it is recommended that this company add a full-time integrator between each account executive and operations head.
   c. The customer account executives can be considered to be integrators.
   d. The organization does not take advantage of economies of scale within the operations department.

ANSWER: c

16. Refer to Organizational Chart 3.2. Which statement is the best assessment of this organizational structure?
   a. If well managed, it achieves coordination both within and between customer accounts.
   b. Efficiency and economy of scale are gained in the functional operations departments.
   c. It facilitates in-depth artistic and technical competence in operations.
   d. Balanced joint formal authority between functional and customer account heads ensures decisions not being “bumped up” to the president.

ANSWER: a

17. Refer to Organizational Chart 3.2. Which statement best describes the structure of this organization?
   a. The structure is divisional.
   b. There is duplication of activities between the customer accounts and marketing departments.
   c. The structure is primarily functional.
   d. Hierarchical referral is the best means for coordination in this organization.

ANSWER: c

18. Chantal Roy is the vice-president of marketing for her company. Other officers in the company include the

vice-presidents of engineering, production, finance, and human resource management. What type of structure does this small company have?

a. product
b. matrix
c. functional
d. hybrid

ANSWER: c

19. What is characteristic of an organization with a functional structure?

a. It reacts quickly to environmental changes.
b. It diminishes economies of scale compared to the divisional structure.
c. It often results in hierarchy overload.
d. It cannot work in small organizations.

ANSWER: c

20. A company wishes to maintain its basic functional structure, but is having difficulty coordinating across departments because of growth. What should it do?

a. It should develop horizontal linkages.
b. It should realize that the functional structure cannot work and replace it with a matrix structure.
c. It may find it necessary to abolish liaison roles.
d. It can profit most by adding more functional departments.

ANSWER: a

21. What is likely to be the result if a domestic company that manufactures four different types of products changes from a functional structure to a divisional structure?

a. lower fixed costs
b. better coordination within a product area between different functional areas
c. more technical development within functional areas
d. more centralized decision making

ANSWER: b

22. What is one of the benefits of a product or divisional structure?

a. It is best suited to fast change in an unstable environment.
b. It centralizes decision making.
c. It facilitates integration and standardization across product lines.
d. It allows units to adapt to differences in products, regions, and clients.

ANSWER: d

23. What is one of the benefits of a matrix structure?

a. It maintains dual-authority relationships.
b. It is most effective in an unstable environment.
c. It is designed for use within a bureaucracy.

d. It is known for its quality of centralization of key decisions for organizational control.

ANSWER: a

24. The matrix structure is the correct structure when three conditions are met. What is one of the three conditions?

a. Pressure exists to share scarce resources across product lines.

b. Technical quality is not very important.

c. The environmental domain of the organization is simple.

d. The environmental domain of the organization is certain and stable.

ANSWER: a

25. When is the geographic structure the correct structure to implement?

a. Different regions require different operations and there is no reason to link with other regions.

b. Different regions require similar operations and there are many reasons to link with other regions.

c. Different regions have similar product tastes and preferences.

d. Different regions require vertical information linkages.

ANSWER: d

26. What is one of the benefits of the horizontal structure?

a. It promotes flexibility and rapid response to changes in customer needs.

b. Because team members become recognized experts in a single area, less cross-training that characterizes other organizational forms is needed

c. Boundaries between departments are clearly defined to ensure functional expertise.

d. The horizontal structure is easy to implement, even if the organization has been rooted in a strict vertical, hierarchical structure.

ANSWER: a

27. What is a key aspect of an organization whose employees are assigned to core processes along a horizontal structure?

a. Self-directed teams are the basis of the organizational design and performance.

b. The dual-authority structure facilitates communication and coordination.

c. The culture is closed, untrustworthy, non-collaborative, and focused on individual accomplishments.

d. The structure is grouped based on organizational outputs.

ANSWER: a

28. What is a potential weakness of the horizontal structure?

a. It is inflexible and slow to respond to rapid changes in customer needs.

b. Determining core processes to organize around is often difficult.

c. There is a failure to promote teamwork.

d. Organizational goals are not well understood by employees.

ANSWER: b

29. What is one of the benefits of a virtual network structure?
    a. Managers have hands-on control over all their employees and organizational activities.
    b. Employee loyalty is increased due to a strong, shared culture.
    c. Organizations gain immediate scale without huge investments in factories.
    d. Organizations gain greater insight into different national cultures gaining valuable market information.

ANSWER: c

30. What is a potential weakness of a virtual network structure?
    a. Overhead costs are increased significantly due to the need to manage multiple locations.
    b. A great deal of time is required to manage relationships with contract partners.
    c. Smaller organizations find it difficult to access talent needed to achieve their goals.
    d. Contract partners create a potential conflict of interest.

ANSWER: b

31. Two types of hybrid structures are common today. What two things do these structures combine?
    a. product and matrix structures; product and horizontal structures
    b. functional and divisional structures; functional and horizontal structures
    c. marketing and sales; marketing and logistics
    d. horizontal and teams; vertical and authority

ANSWER: b

32. What are too much conflict and delayed decision-making symptoms of?
    a. bureaucracy
    b. structural alignment
    c. structural deficiency
    d. lack of employee motivation

ANSWER: c

33. The organizational chart is the visual representation of a whole set of underlying activities and processes in an organization.
    a. True
    b. False

ANSWER: True

34. Rules and plans are lower on the ladder of mechanisms for vertical linkage than is adding positions to the hierarchy.
    a. True
    b. False

ANSWER: True

35. Horizontal linkages are used to coordinate activities between the top and bottom of an organization and are designed primarily for control of the organization, whereas vertical linkages refer to the amount of

communication and coordinate across organizational departments.

a. True

b. False

ANSWER: False

36. A task force is located in one department but has responsibility for communicating and achieving coordination with another department.

a. True

b. False

ANSWER: False

37. Integrator roles require excellent people skills.

a. True

b. False

ANSWER: True

38. It would be logical for a full-time integrator to have no direct subordinates.

a. True

b. False

ANSWER: True

39. A full-time integrator such as a project manager has the various functional managers—finance, engineering, marketing—reporting to him or her.

a. True

b. False

ANSWER: False

40. Project teams can be thought of as permanent task forces.

a. True

b. False

ANSWER: True

41. As the amount of required horizontal coordination increases, the costs of time and resources decrease.

a. True

b. False

ANSWER: False

42. Grouping by output means that people are organized by similar functions or work processes, with similar knowledge and skills.

a. True

b. False

ANSWER: False

43. Functional grouping puts together employees who perform similar work processes and typically have similar

knowledge and skills.

a. True

b. False

ANSWER: True

44. A weakness of the functional structure is that it results in a slow response time to environmental change.

a. True

b. False

ANSWER: True

45. Divisional structure may be organized by product, services, major projects or programs, or profit centres.

a. True

b. False

ANSWER: True

46. A strength of the divisional structure compared to the functional structure is that the former tends to decentralize decision making.

a. True

b. False

ANSWER: True

47. One disadvantage of the divisional structure is that the organization loses potential economies of scale.

a. True

b. False

ANSWER: True

48. One advantage of the divisional structure is that coordination of functional matters for any one given product is maximized.

a. True

b. False

ANSWER: True

49. One advantage of the geographical structure is that the organization can adapt to specific needs of its own region.

a. True

b. False

ANSWER: True

50. One disadvantage of the geographical structure is that employees and operations tend to focus on global organizational goals rather than more regionally specific goals.

a. True

b. False

ANSWER: False

CHAPTER 3 - FUNDAMENTALS OF ORGANIZATIONAL STRUCTURE

51. Pressure for innovation is sufficient cause for adopting the matrix structure.
    a. True
    b. False

ANSWER: False

52. There are two variations of matrix structure: the functional matrix and the divisional matrix.
    a. True
    b. False

ANSWER: False

53. The horizontal structure organizes employees around core processes.
    a. True
    b. False

ANSWER: True

54. A horizontal structure is characterized by coordination around geographical areas.
    a. True
    b. False

ANSWER: False

55. The virtual organization may be viewed as a central hub surrounded by a network of outside specialists.
    a. True
    b. False

ANSWER: False

56. Extreme outsourcing is also known as a modular structure.
    a. True
    b. False

ANSWER: True

57. Many companies are hybrids as they combine characteristics of multiple structures to take advantage of the strengths and avoid some of the weaknesses.
    a. True
    b. False

ANSWER: True

58. Explain what we can and cannot learn from an organizational chart. What structural and contextual variables studied in organizational theory appear on the organizational chart?

ANSWER: An organizational chart is a visual representation of the set of underlying activities and processes in the organization. It portrays the hierarchy of authority, and may portray the degree of specialization. It can provide some indirect clues about the organization's size. It shows the formal vertical and horizontal relationships in the organization at one moment in time. It does not show the informal reporting relationships that are often very critical.

59. Explain the information processing perspective for the study of organizational structure.

ANSWER: The perspective argues that an organization's structure should fit the information requirements of the organization. Otherwise, employees will have either too little information or will spend time looking for and processing information that is not vital to their work and therefore will not be effective.

60. How can rules and plans serve as an information-linking mechanism in organizations?

ANSWER: Rules and plans provide scripted guidance to employees about how to respond to situations so they do not have to communicate directly with their manager. Rules and plans enable coordination by providing standard operating procedures that everyone knows to follow without having to ask others for guidance.

61. List and explain the structural devices used to achieve vertical linkage.

ANSWER: There are three types of vertical linkage devices. (1) Hierarchical referral can be used if an employee does not know how to solve a problem. He or she can refer the problem to the level above, and when the problem is solved it is passed down to the employee. (2) Rules and plans can be used to standardize behaviours and decisions. (3) Vertical information systems can be used to make communication up and down the hierarchy more efficient.

62. Contrast the following structural alternatives to achieving horizontal integration: liaison, task force, and full-time integrator.

ANSWER: A liaison is one method of direct contact between two departments. A task force is a temporary committee comprising members from several departments. A full-time integrator is located outside the functional departments and is responsible for coordinating the work of several departments. A full-time integrator often has a title such as brand or project manager. The alternatives vary by the degree of coordination necessary and cost.

63. What qualifications would be expected for the position of full-time integrator? Why?

ANSWER: Full-time integrators need strong interpersonal skills and strong skills of persuasion and expertise. These skills are critical as the role is one of significant responsibility with little authority.

64. What are the similarities and differences between a functional structure with horizontal linkages and a divisional structure?

ANSWER: In a functional structure with horizontal linkages, people from different functions are brought together in a group to work on a core process. In a divisional structure, employees work in their functions even though they are grouped by what the organization produces. The former is a grouping around core processes while the latter is by product.

65. List and describe the conditions of the matrix structure.

ANSWER: There are three conditions: (1) pressure exists to share scarce resources across product lines, (2) environmental pressure exists for two or more critical outputs, and (3) the organization's environmental domain is very uncertain.

66. Compare and contrast a functional matrix and a project matrix.

ANSWER: In a functional matrix, the functional manager has primary authority and the project or product manager simply coordinates activities. In the product matrix, the product or project manager has primary authority and the functional manager simply assigns technical people to projects and provides advisory expertise.

67. What are the strengths and weaknesses of the horizontal structure?

ANSWER: There are five strengths and weaknesses.

Strengths	**Weaknesses**
1. Promotes flexibility and rapid response to changing customer demands 2. Directs attention to the production and delivery of what the customer wants 3. Each employee has a broader view of the organization's goals 4. Promotes a focus on teamwork and collaboration 5. Empowers employees	1. Hard to determine the core processes 2. Often requires a cultural change 3. Traditional managers may become disaffected 4. Requires significant training 5. Can limit in-depth skill development

68. What are the two types of hybrid structure? Discuss each type.

ANSWER: One type often used combines the characteristics of the functional and divisional structures. When organizations get larger, they often create self-contained divisions. However, some functions require economies of scale and in-depth specialization, and they remain centralized at headquarters. The second type of hybrid combines the characteristics of the functional and horizontal structures. Teams are created to provide the flexibility to meet the organization's key success factors.

69. List and give examples of two symptoms of structural deficiency provided in your textbook. Explain how an organization might cope with those two symptoms of structural deficiency.

ANSWER: (1) To deal with the symptom of delayed or inadequate decision making, an organization could use vertical information linkages such as information systems or horizontal linkages such as task forces. (2) To deal with the symptom of employee performance declines, an organization could be redesigned so that the structure meets the actual degree of uncertainty in its environmental domain.

70. What symptoms of structural deficiency would make a firm consider changing its structure?

ANSWER: If there is significant conflict and/or the organization is not meeting its goals, then it should consider redesigning its structure.

71. Assume that you are being interviewed for the position of project manager by a corporate recruiter. The recruiter says, "We've been having some problems with product communication and so we have just created new project manager positions. I see on your transcript that you took a course in organizational theory. Tell me what you learned about project managers, and why you feel that this would be a good position for your career in management."

ANSWER: As you have good interpersonal and negotiation skills, you have the necessary skills to succeed in the role. As a project manager, you will have lots of responsibility without much authority so if you can succeed in the role, you should be able to manage in many different situations.

72. Describe Morgan's eight images of organizational design. How might organizations use the images for designing an appropriate structure?

ANSWER: Morgan's eight images are organizations as (1) machines, (2) organisms, (3) brains, (4) cultures, (5) political systems, (6) psychic prisons, (7) flux and transformation, and (8) instruments of domination.

The images provide insight into possible structures and processes that need to be considered when making design choices.

Name:______________________________ Class:____________________ Date:__________

CHAPTER 4 - THE EXTERNAL ENVIRONMENT

1. What is an organization's "domain"?
   a. the set of positions and departments within the organization
   b. the buildings and grounds that are owned or leased by the organization in which inputs are transformed into outputs
   c. the organization's niche that has been staked out for its products, services, and markets served
   d. the technical core that is buffered by other departments so that it can operate as a closed system

ANSWER: c

2. What term is used for sectors of the environment that have direct impact on the organization?
   a. task environment
   b. general environment
   c. environmental buffers
   d. environmental boundary-spanners

ANSWER: a

3. What is the task environment?
   a. all elements that exist outside the organizational boundary
   b. sectors with which the organization interacts directly
   c. the domain
   d. all jobs and positions inherent within the organizational activity

ANSWER: b

4. Which sector in an organization's environment relates to understanding consumer preferences?
   a. industry
   b. international
   c. sociocultural
   d. market

ANSWER: d

5. Which examples best illustrates how various sectors can have an impact on organizations?
   a. In the industry sector, labour unions are a significant force.
   b. In the market sector, an increasing number of foreign-owned manufacturing plants are built in North America.
   c. In the raw materials sector, steelmakers owned the beverage can market until the mid-1980s.
   d. In the human resources sector, brand names are fighting it out with lower-cost store brands.

ANSWER: c

6. Which of the following includes those sectors that might not have a direct impact on the daily operations of a firm but will indirectly influence it?
   a. the general environment
   b. the international context
   c. the task environment

d. the buffering roles

ANSWER: a

7. Which aspect of the general environment affects an organization due to rapid changes and innovations?
   a. financial resources
   b. technology sector
   c. economic conditions
   d. the government sector

ANSWER: b

8. Which two dimensions are the basis for an assessment of the environmental uncertainty of an organization?
   a. the number of elements and how quickly they change
   b. the number of sectors and the organization’s niche
   c. the extent of turbulence and the amount of available resources
   d. differentiation and integration

ANSWER: a

9. What is a dimension of the framework for assessing environmental uncertainty?
   a. dispersion-contiguity
   b. simple-complex
   c. certain-uncertain
   d. internal-external

ANSWER: b

10. What is a dimension of the framework for assessing environmental uncertainty?
   a. stable-unstable
   b. loose-tight
   c. known-unknown
   d. high competitiveness–low competitiveness

ANSWER: a

11. When Johnson & Johnson had to cope with the Tylenol poisoning issue, which dimension of its environment was most affected?
   a. simple
   b. complex
   c. stable
   d. unstable

ANSWER: d

12. Often, decision makers do NOT have sufficient information about environmental factors so they have a difficult time predicting external change. What is this called?
   a. cooptation

b. differentiation
c. uncertainty
d. integration

ANSWER: c

13. In which type of industry would organizations face the greatest amount of environmental uncertainty?
a. beer distributors because of simplicity
b. universities because of complexity
c. airlines because of instability
d. appliance manufacturers because of complexity

ANSWER: c

14. What do trend-setting toy companies or high-fashion clothing manufacturers have in common?
a. an environment that is stable but complex, therefore requiring a mechanistic structure
b. an organic structure, from which we can reason that the environment is highly uncertain
c. a large number of dissimilar external elements, which remain about the same over time
d. an environment that is simple but unstable, creating relatively high uncertainty

ANSWER: d

15. Which of the following is the best application of the framework for assessing environmental uncertainty?
a. Soft drink bottlers are examples of typical firms in the simple and unstable quadrant.
b. Universities are examples of organizations typically found in the complex and stable quadrant.
c. Electronic firms are typically found in the simple and stable quadrant.
d. Fashion clothing or toy manufacturers would exemplify the complex and unstable quadrant.

ANSWER: b

16. What is the function of boundary-spanning roles?
a. They primarily link data to information.
b. They buffer the manufacturing department from outside intrusion that would interfere with efficiency.
c. They bring information about environmental changes into the organization.
d. They move the firm to internationalism.

ANSWER: c

17. Bobby Barista is a researcher in the R&D department at 3M. Part of her job is to read technical and scientific journals, and to attend conferences to find out what new developments are occurring. What sort of role is she carrying out in this part of her job?
a. buffering
b. maintenance
c. boundary spanning
d. managerial

ANSWER: c

18. What results from allowing customers in an auto dealership service department to talk directly to the mechanic rather than to a service manager?
   a. It creates a buffering role.
   b. It creates a boundary-spanning role.
   c. It makes the company less fluid.
   d. It makes the company less responsive to customers.

ANSWER: b

19. What term is used for unique cognitive and emotional orientations among managers across functional departments, and the specialized formal structures among these departments?
   a. integration
   b. resource dependence
   c. cooptation
   d. differentiation

ANSWER: d

20. What term is used to refer to high quality collaboration between departments?
   a. differentiation
   b. integration
   c. uncertainty
   d. cooptation

ANSWER: b

21. Which type of management process do organizations in rapidly changing environments tend to have?
   a. differentiated
   b. mechanistic
   c. organic
   d. dependent

ANSWER: c

22. Which of the following characterizes the mechanistic process?
   a. knowledge and control of tasks that are decentralized within the organization
   b. loosely defined tasks
   c. a strict hierarchy of authority and control
   d. horizontal communication

ANSWER: a

23. Which statement most accurately describes mechanistic organizations?
   a. They have authoritarian, unfriendly leadership.
   b. Communication is horizontal.
   c. They are service organizations with individualized customer demands.

d. Tasks are broken down into specialized parts.

ANSWER: d

24. High-moderate uncertainty environments are unstable but simple. What organizational responses are elicited by this environment?

a. mechanistic structure; formal, centralized

b. few buffering roles

c. planning orientation; fast response

d. many departments; few boundary spanning

ANSWER: c

25. Which of the following is an example of the way high uncertainty influences organizational design responses?

a. requiring extensive planning and forecasting

b. having few departments

c. having no integrating roles

d. using a mechanistic structure

ANSWER: a

26. What term refers to the idea that organizations need the environment but strive to minimize their vulnerabilities?

a. integration

b. resource dependence

c. organic process

d. cooptation

ANSWER: b

27. Which of the following is likely in organizations characterized by very simple and stable environments?

a. Almost no managers are assigned to integration roles.

b. Many departments are added.

c. There is formal, centralized authority.

d. There is extensive planning, forecasting, and high-speed responses.

ANSWER: a

28. What term refers to the purchase of one organization by another so that the buyer assumes control?

a. acquisition

b. merger

c. joint venture

d. domain

ANSWER: a

29. Dave Dunn is a militant member of a faculty union. When the union's negotiating committee is reporting to

a meeting of the faculty, he always finds fault with the work of that committee and strongly advocates striking. When a member of the negotiating committee resigns because of illness, the union's executive committee appoints Dave to take his place. What is this is an example of?

a. formal strategic alliance
b. cooptation
c. change of domain
d. public relations

ANSWER: b

30. If an organization were engaging in illegitimate behaviours, which of the following might it be trying to do?

a. control its environmental domain
b. attempt to influence political activities
c. change its domain
d. cooptation of interlocking directorates

ANSWER: d

31. What is the term for a formal linkage that occurs when a member of the board of directors of one company sits on the board of directors of another company?

a. joint venture
b. interlocking directorate
c. integration
d. indirect interlock

ANSWER: b

32. What occurs when leaders from important sectors in an organization's environment are asked to join that organization?

a. integration
b. joint venture
c. resource dependence
d. cooptation

ANSWER: d

33. What is especially important in highly competitive consumer industries and in industries that experience variable demand?

a. advertising
b. cooptation
c. executive recruitment
d. contracts

ANSWER: a

34. How can an organization change its domain most directly?

a. by hiring a new CEO

b. by changing the nature of the labour–management agreements

c. by divesting a division of the organization

d. by moving to a more favourable structure

ANSWER: c

35. What can be used to erect regulatory barriers against new competitors or squash unfavourable legislation?

a. cooptation

b. contracts

c. joint venture

d. political strategy

ANSWER: d

36. The general environment includes sectors with which the organization interacts directly and that have a direct and regular impact on the organization's ability to achieve its goals.

a. True

b. False

ANSWER: False

37. The sociocultural sector refers to municipal, provincial, and federal laws and regulations; taxes; court systems; and political processes that may be in an organization's environment.

a. True

b. False

ANSWER: False

38. The general environment includes those sectors that might not have a direct impact on the daily operations of a firm but will indirectly influence it.

a. True

b. False

ANSWER: True

39. The growing importance of the international sector means that the environment of all organizations is becoming extremely simple and extremely stable.

a. True

b. False

ANSWER: False

40. Organizations must cope with and manage uncertainty to be effective.

a. True

b. False

ANSWER: True

41. The environmental conditions of complexity and change create a greater need to gather information and to respond based on that information.

a. True

b. False

ANSWER: True

42. Most e-commerce companies focus on a specific competitive niche and operate in simple but unstable environments.

a. True

b. False

ANSWER: True

43. A hardware store would be in a complex environment.

a. True

b. False

ANSWER: False

44. The greatest uncertainty for an organization occurs in the simple, unstable environment.

a. True

b. False

ANSWER: False

45. Rather than establish buffer departments, a newer approach in many organizations is to drop the buffers and expose the technical core to its uncertain environment.

a. True

b. False

ANSWER: True

46. The boundary-spanning role is designed to bring information to the organization about changes in the environment, but not to work in reverse to take information into the environment about the organization.

a. True

b. False

ANSWER: False

47. Boundary spanners can prevent the organization from stagnating by keeping top managers informed about environmental changes.

a. True

b. False

ANSWER: True

48. Joe Fresh Style is known for its ability to stay in close contact with its environment and its customers.

a. True

b. False

ANSWER: True

49. Differentiation refers to differences in cognitive and emotional orientations among managers in different functional departments.

a. True
b. False

ANSWER: True

50. A company in a highly uncertain environment is more likely to need a formal integrator.
a. True
b. False

ANSWER: True

51. One outcome of high differentiation is that coordination between departments becomes more difficult until integrative devices are put in place.
a. True
b. False

ANSWER: True

52. When differentiation is high, integration should be high if the level of environmental uncertainty is high.
a. True
b. False

ANSWER: True

53. Planning guarantees successfully coping with an unstable environment.
a. True
b. False

ANSWER: False

54. Once an organization relies on other organizations for valued resources, those other organizations can influence managerial decision making in the original organization.
a. True
b. False

ANSWER: True

55. In rapidly changing environments, an organic structure is usually better.
a. True
b. False

ANSWER: True

56. If the external environment is stable, a mechanistic and formal organization can be successful.
a. True
b. False

ANSWER: True

57. As the complexity in the external environment increases, so does the number of positions and departments within the organization, which in turn increases internal complexity.
a. True

b. False

ANSWER: True

58. In the organic organization, tasks are broken down into specialized, separate parts.

a. True

b. False

ANSWER: False

59. The learning organization is an organic structure.

a. True

b. False

ANSWER: True

60. When organizations depend on the environment but strive to acquire control over resources to minimize their dependence, it is referred to as cooptation.

a. True

b. False

ANSWER: False

61. Transferring or exchanging executives offers a method of establishing favourable linkages with external organizations.

a. True

b. False

ANSWER: True

62. In addition to establishing favourable linkages to obtain resources, organizations also may try to change the environment.

a. True

b. False

ANSWER: True

63. Sometimes nonprofit organizations have tried to reduce their resource dependence through illegal activities.

a. True

b. False

ANSWER: True

64. List and give examples of each of the general environment sectors.

ANSWER: The general environment usually includes the following: (1) the government sector as illustrated by EU's environmental and consumer protection legislation, which might have an impact on Canadian exporters; (2) the socio-cultural sector as illustrated by the change in the diversity of the Canadian population, which has had an impact on marketing strategies; (3) general economic conditions as illustrated by the 2008 meltdown, which has had a profound impact on organizations; (4) the technology sector as illustrated by the growth of online shopping, which creates new kinds of organizations; and (5) the financial resources sector, which provides the monies for start-ups, for example.

65. Explain how the international context of organizations is bringing the international sector more and more into the task environment of organizations today.

ANSWER: The distinction between international and domestic organizations has become increasingly irrelevant today. Now we think in terms of "global" organizations as global considerations are part of an organization's task environment. As a result, the environment for many organizations has become more complex and more competitive.

66. Distinguish between complexity and instability in an organization's environment.

ANSWER: Complexity refers to the number of different elements in the environment, and instability refers to the rate of change and its degree of predictability.

67. What is the environment of most e-commerce companies? What does your analysis of their environment lead you to conclude about appropriate organizational design adaptation of e-commerce companies to their environment?

ANSWER: Most e-commerce organizations compete in simple but unstable environments and therefore need to be organic in design with few departments and few integrating roles, and have a fast response orientation.

CASE 4.0

AligatorAde, a regional soft drink bottling plant, produces according to the forecast it receives from corporate headquarters. The company uses the focus strategy, designating a market of persons involved in athletic sports. AligatorAde sponsors a local lacrosse team and has a reputation for positive support of sports activities.

On the few occasions when production exceeds demand, corporate warehousing juggles the distribution so that the regional producers such as AligatorAde experience no significant loss. Although competitors have switched formulas several times, AligatorAde has not changed its formula because market demand for its product is stable. (Top management at corporate headquarters is considering adding a more fruity-flavoured drink to its product line, but a final decision has not yet been made.)

On the line, the manufacturing department produces large batches of its drink. The product is prepared for distribution in both cans and bottles. Occasionally at the end of a run, some bottles will have special team labels affixed by machine; profitability on those few special runs is particularly high.

The plant's organizational chart shows that there is a plant manager with four department heads reporting to her: manufacturing manager, administrative manager, marketing manager, and warehousing and distribution manager. The purchasing function is carried out in manufacturing, and what little R&D takes place at the regional plant is done in marketing.

68. Refer to Case 4.0. Would you recommend that AligatorAde switch from its current strategy to a differentiation strategy that it markets to the public in general? Why or why not?

ANSWER: No, because the current strategy seems to work, and it's not clear that the company has the capability to create the new necessary design.

69. Refer to Case 4.0. Using the framework for environmental uncertainty, analyze AligatorAde's environment, and then make recommendations to the regional management of the plant based on your application of the

framework.

ANSWER: The environment seems to be one of low uncertainty. As a result, you recommend that the organization should have low departmental differentiation and low integration.

70. Refer to Case 4.0. What is AligatorAde's current structure? Does it fit with the demands of its environment?

ANSWER: It is functionally structured and does not need to be changed.

71. List and describe three organizational adaptations to environmental uncertainty.

ANSWER: Organizations adapt to environmental uncertainty in the following ways: (1) as the complexity of the environment increases, organizations create more positions and departments; (2) they create buffering and boundary spanning roles; and (3) they vary the degree of differentiation and integration.

72. Explain the arguments for and against creating buffering roles.

ANSWER: The purpose of buffering roles is to absorb the uncertainty from the environment by surrounding the technical core. However, doing so may result in the technical core being too removed from the market and its demands.

73. Why does environmental complexity lead to organizational complexity? Explain.

ANSWER: Organizations become more complex because they to need to match their internal design to external complexity.

74. Discuss organizational differentiation. How is integration connected to differentiation?

ANSWER: Differentiation is the difference in cognitive and emotional orientations among managers in different functional departments. The relationship is the following: the greater the degree of differentiation, the greater the degree of integration.

75. How do organizations use planning, forecasting, and responsiveness in stable and unstable environments?

ANSWER: In stable environments, organizations can use planning, forecasting, and responsiveness for day-to-day efficiency. In unstable environments, organizations can use the processes, by scanning the environment, to soften the adverse impact of external shifts.

76. What type of environment would the clothing chain Tommy Hilfiger have on the stable-unstable dimension? Explain and defend your opinion. Then use Tommy Hilfiger as an example for illustrating proper adaptation to that dimension of the environment.

ANSWER: It would likely be in the high-moderate uncertainty quadrant (unstable but simple), as fashion tastes are fickle. While tastes change, there are not a lot of different elements for the chain to deal with. The chain should be organic in design, with few departments, few integrating roles and, most importantly, fast response times.

77. What methods are suggested for dealing effectively with resource dependence?

ANSWER: There are two methods: (1) establishing interorganizational linkages such as mergers and acquisitions, strategic alliances, cooptation, executive recruitment, and PR and (2) controlling the environmental domain by such activities as changing domain, lobbying, and engaging in illegal acts.

78. Explain the five ways of establishing interorganizational linkages.

ANSWER: (1) Ownership—merging with or acquiring organizations; (2) formal strategic alliances—using contracts and joint ventures; (3) interlocking directorates—board members of one company sit on the boards of other companies; (4) executive recruitment—transferring or exchanging executives; and (5) advertising and PR—to influence consumers and others of influence.

79. Explain how an organization could change its domain, and why it might want to do so.

ANSWER: An organization can change domain through acquisition and/or divestment. It may want to do so to find new markets that might be less competitive, less regulated, or more affluent, and whose barriers to entry are high.

80. How might an economic recession affect the design of organizations?

ANSWER: In times of recession, organizations frequently downsize and become smaller. They also try to cut expenses and may not invest in R&D or in capital projects. As a result, organizations risk decreased innovation and may become less responsive to any environmental demands.

CHAPTER 5 - INTERORGANIZATIONAL RELATIONSHIPS

1. Which term refers to relatively enduring resource transactions, flows, and linkages that occur among two or more organizations?
   a. intranet
   b. interorganizational relationships
   c. resource dependence
   d. institutional environment

ANSWER: b

2. Which term refers to an entity formed by the interactions of a community of organizations and their environment?
   a. interorganizational relationship
   b. organizational ecosystem
   c. collaboration network
   d. institutional environment

ANSWER: b

3. What do managers need to manage in an environment of a community of organizations?
   a. profit making
   b. stakeholders
   c. horizontal structures
   d. competition

ANSWER: c

4. Which perspective in the framework of interorganizational relationships represents the traditional view?
   a. population ecology
   b. institutionalism
   c. collaborative network
   d. resource dependence

ANSWER: d

5. Which theory argues that organizations try to minimize their reliance on other organizations for the supply of important materials and try to influence the environment to make sure the materials they need are available?
   a. interorganizational theory
   b. environmental resource theory
   c. resource-dependence theory
   d. economic-supply theory

ANSWER: c

6. Which statement best defines resource dependence theory?
   a. A small supplier should count on price competition for locking in accounts.
   b. A small supplier should lock in a single large company for the bulk of its sales.
   c. Organizations will do whatever is needed to avoid dependence on the environment and increase their

autonomy.

d. Organizations will set up dependencies when they become more self-reliant.

ANSWER: c

7. What is an organization engaging in if it joins a trade association because it is having difficulty securing the main raw material for its production process?

a. interlocking directorships

b. a power strategy

c. a resource strategy

d. collaborative networks

ANSWER: c

8. Why might organizations enter into interorganizational collaborations?

a. to share risks when entering new markets

b. to assert power over larger suppliers

c. to lock-in necessary resources

d. to minimize interpersonal conflicts

ANSWER: a

9. What did the traditional orientation to other organizations involve?

a. long-term contracts

b. participation in partner's product design and production

c. legal resolution of conflict

d. electronic linkages to share key information

ANSWER: c

10. What is a characteristic of the current orientation toward partnerships between other organizations?

a. equity and fair dealing

b. contracts limiting the relationship

c. minimal up-front investment

d. efficiency and the organization's own profits

ANSWER: a

11. Which approach focuses on organizational diversity and adaptation within a group of organizations?

a. collaborative networks

b. population ecology

c. interorganizational relationships

d. institutional perspective

ANSWER: b

12. Why do established organizations have a difficult time adapting to a rapidly changing environment?

a. They are inherently resistant to change.

b. There is often a heavy investment in plant and equipment and leadership has an established viewpoint that has been successful.
c. When the environment changes, no one can predict if the changes will affect them.
d. Leadership could change its approach, but it does not want to change.

ANSWER: b

13. Which statement is a basic assumption of the population ecology model?
a. Management competence is the biggest factor in the survival of organizations.
b. The environment determines which organizations survive or fail.
c. Principles of evolution are not applicable to organizations because the fittest don't survive.
d. A community of organizations is a closed system.

ANSWER: b

14. Which statement provides the best description of an organizational niche?
a. Once found, it makes the process of retention occur.
b. It is a person within an organization who is highly specialized.
c. It is a domain of unique environmental resources and needs.
d. It is found only in Japanese organizations.

ANSWER: c

15. As new organizational forms continue to emerge some fail and some last. What is the best label for this process?
a. retention
b. variation
c. legitimacy
d. selection

ANSWER: d

16. Which statement best describes the impact on organizational survival, as a principle underlying the population ecology model?
a. Specialists are able to reallocate resources internally to adapt to a changing environment, whereas generalists are not.
b. Generalists are more competitive than specialists in the narrow area in which their domains overlap.
c. The toy company Mattel, which markets a broad range of toys, is considered a specialist.
d. New organizations have lower survival rates due to environmental factors that tend to select them out of existence more often than existing organizations.

ANSWER: d

17. Which term describes organizations with a wide domain; that is, those that offer a broad range of products and services or that serve a broad market?
a. specialists
b. generalists

c. niches

d. legitimate

ANSWER: b

18. Which term is defined as the general perspective that an organization’s actions are desirable, proper, and appropriate within the environment’s system of norms, values, and beliefs?

a. generalist strategy

b. legitimacy

c. niche

d. collaborative network

ANSWER: b

19. Which of the following is composed of norms and values from stakeholders?

a. the institutional environment

b. population ecology theory

c. the organizational ecosystem

d. institutional isomorphism

ANSWER: a

20. What does the institutional view argue?

a. Organizations do not have legitimacy from their stakeholders.

b. A market-based economy was not constructed in Russia because its institutions were corrupt.

c. When an organizational field is new, diversity is the norm, but later there is a pressure for them to be more similar.

d. Organizations have two essential dimensions: institutional and public.

ANSWER: c

21. Which statement best describes the institutional view of the two essential dimensions of organization?

a. The institutional structure is that part of the organization most visible to the outside public.

b. The public dimension of the institutional structure is governed by norms of efficiency.

c. The technical dimension of the institutional structure will reflect environmental expectations rather than the demands of work activities.

d. The formal institutional structure and design process is rational with respect to workflow and products.

ANSWER: a

22. Which perspective is included in institutional similarity?

a. Common structures emerge among organizations in the same field.

b. Common training of professionals (managers) results in common analytic processes among organizations in the same field.

c. Divergent structures are driven among organizations in the same field for the sake of diversity.

d. Divergent analytic processes among organizations in the same field emerge due to managers’ training in widely varying functional areas and varying degree programs.

ANSWER: a

23. Which perspective is included in mimetic forces?
    a. Because of heavy interorganizational linkages, organizations are forced to behave similarly in order to maintain productive relationships.
    b. Political and governmental processes, which organizations are subject to, force organizations to become similar.
    c. In the face of uncertainty, organizations copy or model each other.
    d. Diversity is maintained in order for organizations to find and maintain a marketing niche.

ANSWER: c

24. Which of the following is evidence of mimetic forces in an organizational field?
    a. reengineering
    b. accounting standards
    c. pollution controls
    d. consultant training

ANSWER: a

25. What institutional process is being followed if an organization is engaged in benchmarking?
    a. mimetic
    b. coercive
    c. normative
    d. isomorphic

ANSWER: a

26. What is the reason for organizational structural adaptation due to coercive forces?
    a. dependence
    b. duty
    c. uncertainty
    d. professionalism

ANSWER: a

27. What is the social basis for normative forces?
    a. legal
    b. culture
    c. moral
    d. diversity

ANSWER: c

28. Which of the following is an example of a coercive force?
    a. professionalism

b. innovation
c. environmental visibility
d. political law

ANSWER: d

29. What do coercive forces result in?
a. efficiency
b. professionalism
c. effectiveness
d. the appearance of legitimacy

ANSWER: d

30. What are organizations trying to gain when they become influenced by mimetic, coercive, or normative forces in the institutional environment??
a. greater profit
b. greater market share
c. greater resource dependency
d. greater legitimacy

ANSWER: d

31. The current management philosophy is that organizations should be autonomous and separate, trying to outdo other companies in order to grow and prosper.
a. True
b. False

ANSWER: False

32. Within business ecosystems, managers learn to move beyond the traditional responsibilities of corporate strategy and designing hierarchical structures and control systems.
a. True
b. False

ANSWER: True

33. The resource dependence perspective argues that while organizations may attempt to control environmental resources, they also try to maintain their independence.
a. True
b. False

ANSWER: True

34. The four perspectives of a framework of interorganizational relationships include resource dependency, population ecology, collaborative network, and re-engineering.
a. True
b. False

ANSWER: False

35. The major reasons for collaboration between organizations are sharing risks when entering new markets, mounting expensive new programs, reducing costs, and enhancing organizational profile in selected industries or technologies.
   a. True
   b. False

ANSWER: True

36. Collaboration is being practised when companies join together to become more competitive as a bloc.
   a. True
   b. False

ANSWER: True

37. Many organizations are changing from a partnership orientation mindset to a traditional adversarial mindset.
   a. True
   b. False

ANSWER: False

38. In the positive view of partnerships, dependence on another company is seen to increase risk rather than reduce it.
   a. True
   b. False

ANSWER: False

39. In the population ecology model, large dependent companies have power over small suppliers.
   a. True
   b. False

ANSWER: False

40. The population ecology model focuses on organizational diversity and adaptation within a population of organizations.
   a. True
   b. False

ANSWER: True

41. The population ecology model claims that large companies cannot adapt to meet a changing environment, so new companies emerge with the appropriate form and skills to serve new needs.
   a. True
   b. False

ANSWER: True

42. A niche is a domain of unique environmental resources and needs.
   a. True
   b. False

ANSWER: False

43. Variation, formation, and selection are the stages in the process of change in the environment.
    a. True
    b. False

ANSWER: False

44. Given their flexibility, specialists are able to reallocate resources internally to adapt to a changing environment, whereas generalists are not.
    a. True
    b. False

ANSWER: False

45. The population ecology model tells us that even institutionalized organizations like McDonald’s are NOT permanent in the long run.
    a. True
    b. False

ANSWER: True

46. Generalists are generally more competitive than specialists in the narrow area in which their domains overlap.
    a. True
    b. False

ANSWER: False

47. Because of the diversity of products, services, and customers, generalists are able to reallocate resources internally to adapt to a changing environment, whereas specialists are not.
    a. True
    b. False

ANSWER: True

48. The institutional perspective explains why organizational diversity continuously increases with the appearance of new organizations filling niches left open by established companies.
    a. True
    b. False

ANSWER: False

49. The technical dimension of an organization is governed by expectations from the external environment.
    a. True
    b. False

ANSWER: False

50. Institutional similarity is the emergence of a common structure and approach among organizations in the same field.

a. True

b. False

ANSWER: True

51. Mimetic forces refers to the similarity that is brought between organizations from environmental influences such as governmental laws and legislative requirements.

a. True

b. False

ANSWER: False

52. Coercive forces refers to organizations changing to achieve standards of professionalism.

a. True

b. False

ANSWER: False

53. Universities, consulting firms, and professional training institutions develop norms among professional managers.

a. True

b. False

ANSWER: True

54. The outcome of the mechanisms of mimetic, coercive, or normative forces is that organizations become more heterogeneous, to reflect the natural diversity among managers and environments.

a. True

b. False

ANSWER: False

55. Organizations use mechanisms of mimetic, coercive, or normative forces when they are acting under conditions of certainty.

a. True

b. False

ANSWER: False

56. Why is the following question asked, in the context of a discussion on interorganizational relationships:“Is competition dead?”

ANSWER: It is asked because research shows that many alliances have been formed between competitors.

57. What is an organizational ecosystem? How does this concept impact the changing role of management?

ANSWER: An organizational ecosystem is a system formed by the interaction of a community of organizations and its environment. In ecosystems, conflict and cooperation often coexist, so managers need to manage horizontal structures, with many stakeholders and higher degrees of conflict than in the past. Managers need to be skilled at handling both conflict and cooperation.

58. When organizations become aware of resource dependence and begin to develop strategies to reduce their dependence on the environment, what alternatives would be considered? Explain at least two different

approaches.

ANSWER: Organizations look at two factors when assessing their resource dependence: (1) the importance of the resource and (2) the degree of discretion that those organizations that control the resource have over allocation of the resource. Some organizations may use resource strategies such as forming joint ventures while other organizations may use power strategies as such special pricing.

59. Describe the framework of interorganizational relationships, using the following two questions to help guide your answer: If organizational relationships are competitive, under what perspectives are the organizational types similar versus dissimilar? If organizational relationships are cooperative, under what perspectives are the organizational types similar versus dissimilar?

ANSWER: (1) If organizational relationships are competitive, organizational types are similar under the population-ecology model and dissimilar under the resource dependence perspective. (2) If organizational relationships are cooperative, organizational types are similar under the institutionalism perspective and dissimilar under the collaborative network model.

60. In North America we have seen a history of powerful organizations exploiting the dependence of small companies. Would you anticipate an end to this phenomenon? Why or why not?

ANSWER: You would anticipate there would be a change in some industries. In IT, for example, there is an increasing convergence on the types of technology that large organizations want so companies have had to resolve their differences. However, in the retail sector, Wal-Mart's domination has resulted in its suppliers having to change the way they do business.

61. A mentor from an established organization in your industry told you "to reach out and control external sectors that threaten needed resources." How could that be done? In your answer, apply principles from the textbook.

ANSWER: You would try to alter the degree of dependence on other organizations by using tactics such as purchasing ownership, developing long-term relationships, and developing joint ventures. As well, you would use any power that your organization has, by virtue of its size, to receive price and supplier advantages, a strategy that Wal-Mart uses. Or, you could use a collaborative approach whereby organizations go from being adversaries to becoming partners.

62. What kind of education and training do you think would help prepare you for the reality of being a manager who has to manage a set of interorganizational relationships as well as managing the internal affairs of your own company?

ANSWER: Understanding the nature of environmental dynamics would be important, as well as training in a range of negotiation tactics, from those that are competitive to those that are collaborative.

63. Develop your own explanation/theory of why organizations today find collaboration as important as competition, and why collaborating organizations tend to take on similar characteristics. Would collaboration be enhanced just as easily between organizations that had different characteristics?

ANSWER: Organizations collaborate to become more competitive together and to share resources. As organizations learn from one another and become partners, we would expect them to mimic one another's better practices and become similar. Collaboration between dissimilar organizations may be characterized by high degrees of conflict.

64. Why is the mindset in North American companies changing away from a traditional adversarial relationship

with other companies?

ANSWER: Partnering can result in reduced costs and increased value for the partners.

65. Discuss how the adversarial versus partnership orientations work among students in class. What carryover from the classroom settings at your university will help or hinder interorganizational relationships you may be managing in the future?

ANSWER: Some students will be very competitive about grades and especially grades on their individual work. Others will believe that the better the team does on any team projects, the better off both the team and the individual will be. If a student takes on an adversarial approach to management, then it is likely that she or he will not be effective in an organization that uses collaborative networks in its strategy implementation. Those students who value teamwork may do better in such an organization.

66. List the characteristics of the traditional theory of organizational relationships.

ANSWER: There are nine key attributes: (1) low dependence, (2) suspicious and competitive, (3) close monitoring of detailed performance measures, (4) focus on own profits, (5) limited information and feedback, (6) legal resolution of conflict, (7) minimal involvement and investment, (8) short-term contracts, and (9) contractual limits to relationships. In short, the approach is adversarial and characterized by essential distrust of the partner.

67. Identify a firm in each stage of the process of ecological change: variation, selection, and retention. Explain why you classified each firm as you did.

ANSWER: Commodore was in the variation stage as it introduced a new use for computers. Apple was in the selection stage as it found a niche and survived. IBM was in the retention stage as it became large and institutionalized. (It is worth noting that Apple, thanks to the iPod, seems to be now in the retention stage and that IBM has had to undergo massive change to survive.)

68. When the computer industry first reached the everyday consumer, Commodore computers were extremely popular, and the first computers ever purchased by many people. As other personal computers such as Apple and IBM entered the marketplace with word processing, database programs, and a few games, Commodore kept its focus on games. From the perspective of the population ecology model, explain what happened to these organizations over the long run, and why.

ANSWER: Commodore entered the market with a variation and a specialist strategy but was selected out as others adapted and developed more variations. Apple found a niche of innovation and design, and survived. IBM grew and became institutionalized.

69. Describe and illustrate the generalist and specialist strategies that organizations use for their struggle for existence.

ANSWER: An organization following a generalist strategy occupies a wide niche and offers a broad range of products or services, e.g., Indigo.ca today. An organization following a specialist strategy occupies a narrow niche and offers a select range of products or services, e.g., Inuitart.ca.

70. Does the desire for legitimacy result in organizations being more similar or being more different? Take a position, and defend your position.

ANSWER: The desire for legitimacy is likely to make organizations become similar because they want environmental acceptance.

CHAPTER 5 - INTERORGANIZATIONAL RELATIONSHIPS

71. Is the use of management fads any different, in your opinion, from the pursuit of legitimacy through mimetic processes?

ANSWER: No, as they are both trying to achieve environmental acceptance.

72. We studied the notion of institutional similarity and the reasons for it. Develop your own theory about the effects of the tendency for institutional similarity on business success.

ANSWER: Institutional similarity allows for better acceptance of organizations by the environment. As a result, organizations are likely to do better in an environment in which they fit well.

73. Explain and contrast the various processes by which institutional similarity occurs.

ANSWER: (1) There are mimetic forces that drive organizations to look similar. (2) There are coercive forces that force organizations to appear similar, e.g., health and safety regulations. (3) There are normative forces that pressure organizations to change to achieve standards of professionalism. Mimetic forces are fads, coercive forces are mandated, and normative forces are drivers for professionalism.

Name:____ Class:________________________ Date:_____________

CHAPTER 6 - DESIGNING ORGANIZATIONS FOR THE INTERNATIONAL ENVIRONMENT

1. What does building a global presence enable an organization's operations to achieve?
   a. economies of scale
   b. economies of scope
   c. factors of production
   d. its international development stage

ANSWER: a

2. Which term refers to the number and variety of products and services a company offers, as well as the number and variety of regions, countries, and markets it serves?
   a. economies of scale
   b. market potential
   c. scope
   d. development stage

ANSWER: c

3. Which factor motivates companies to expand internationally and is related to labour and raw materials?
   a. cheaper production
   b. smaller number of distribution channels
   c. economies of scale
   d. economies of scope

ANSWER: a

4. In what stage does a specific division replace the export department, requiring the need to hire specialists to handle sales, service, and warehousing abroad?
   a. domestic
   b. international
   c. global
   d. multinational

ANSWER: b

5. In what stage of the international evolution of a company are the worldwide geographic or product structures most likely to appear?
   a. domestic
   b. international
   c. multinational
   d. global

ANSWER: c

6. What type of organization operates with the entire world as their marketplace?
   a. multidomestic firms
   b. international organizations
   c. governmental agencies

d. global companies

ANSWER: d

7. What is a popular approach to sharing development and production costs and penetrating new markets?

a. consortia
b. licensing
c. joint ventures
d. franchising

ANSWER: c

8. Which term refers to groups of independent companies that come together to share skills, resources, costs, and access to one another's markets?

a. joint ventures
b. cartels
c. alliances
d. consortia

ANSWER: d

9. Which term refers to a new entity that is created when two or more separate firms come together to share development and/or production costs?

a. wholly owned subsidiaries
b. joint ventures
c. consortia
d. licensing agreements

ANSWER: b

10. What type of strategy is being followed when a company such as Coca-Cola decides to use the same product design and advertising strategy throughout the world?

a. multidomestic
b. consortia
c. focused
d. globalization

ANSWER: d

11. Which type of strategy would encourage production design, assembly, and marketing tailored to the needs of each country?

a. focused
b. multidomestic
c. globalization
d. joint venture

ANSWER: b

12. With what kind of products does the global product structure work best?
    a. products that are technologically dissimilar
    b. products that can be standardized for marketing worldwide
    c. products that are obsolete in one country, but not in another
    d. products that are cheap and easy to produce

ANSWER: b

13. Which of the following is a characteristic of the global product organizational structure?
    a. It uses country managers who are accountable for profit and loss of every product.
    b. It fits well with customization of production or marketing.
    c. It may result in competition among product divisions.
    d. It will ensure that all countries are covered well.

ANSWER: c

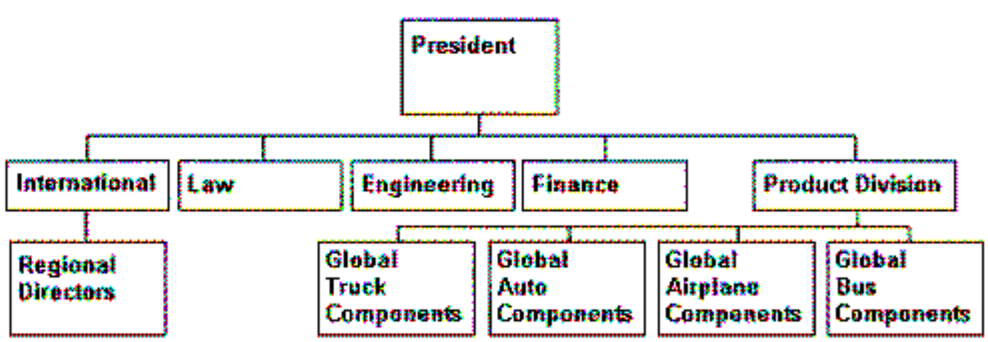
14. Which of the following is a characteristic of the global geographical organizational structure?
    a. It is most useful for new product lines.
    b. It works well for products with rapidly changing technologies.
    c. It works best if there are similar needs for the product across countries.
    d. It may make product planning on a global scale challenging.

ANSWER: d

15. Which of the following is a characteristic of the global matrix organizational structure?
    a. It increases horizontal coordination, but decreases vertical coordination.
    b. It balances the interests of both product standardization and regional customization
    c. It commonly utilizes matrix bosses as functional and product heads.
    d. It divides the world into regions with each division reporting to the CEO.

ANSWER: b

Chart 6.1



16. Refer to Chart 6.1. Which statement best describes the organization depicted in Chart 6.1?
    a. Law, engineering, and finance are considered to be product groups.
    b. The regional directors are also responsible for product groups.

c. Global product heads fulfill the function of full-time staff integrators.

d. Global product heads are usually accountable for profit and loss of their product in worldwide sales.

ANSWER: d

17. Refer to Chart 6.1. What structure is shown?

a. global geographic

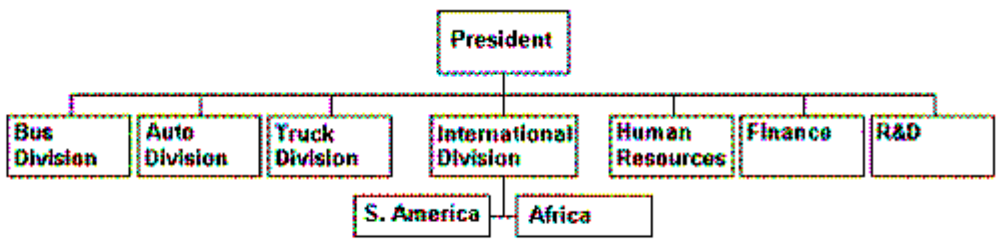
b. global matrix

c. global product

d. global functional

ANSWER: c

Chart 6.2



18. Refer to Chart 6.2. How would you relate the structure diagrammed in Chart 6.2 to a global geographic structure?

a. The firm shown above is not as far along in developing opportunities for multidomestic strategy as the global geographic structure would be.

b. Product managers differ in that, in the chart above, the product heads are line managers primarily accountable for their product domestically, whereas, in the global geographic structure, product heads are staff advisers.

c. The structure shown is better than the global geographic structure.

d. The global geographic structure is more domestically oriented than the one above.

ANSWER: a

19. Refer to Chart 6.2. What structure is shown?

a. global functional

b. domestic hybrid

c. global matrix

d. global product

ANSWER: b

20. Which component of the global organizational challenge is being faced by an organization that has to create a structure to operate in numerous countries that differ in economic development, language, political systems and government regulations, cultural norms and values, and infrastructure?

a. the problem of transferring knowledge across a global firm

b. dealing with greater complexity and differentiation

c. the need for integration

d. the need for KSAs

ANSWER: b

21. What kind of major challenge do managers face as organizations become more differentiated, with multiple products, divisions, departments, and positions scattered across numerous countries?

a. knowledge transfer

b. differentiation

c. integration

d. development

ANSWER: c

22. Lawrence Incorporated used global teams as part of its internationalization, enabling them to be more locally responsive to different regional markets, consumer preferences, and political and legal systems. Which issue did this structure address?

a. the differentiation challenge

b. units gaining influence within the global firm

c. codification of organizational knowledge throughout the global firm

d. lack of ability to gain economies of scope

ANSWER: a

23. What kind of formal positions do organizations create to coordinate information and activities related to key customer accounts?

a. functional manager

b. transnational team

c. network coordinator

d. division network

ANSWER: c

24. Which of the following, if present to a high degree, means that people accept inequality among institutions, organizations, and people?

a. uncertainty avoidance

b. power distance

c. employee empowerment

d. integration

ANSWER: b

25. Which statement best describes Mandel-Campbell's description of Canada's approach to competing globally?

a. Canada has competed effectively internationally.

b. Canada needs policies to encourage entrepreneurial action.

c. Canada needs to do more research to understand and address globalization.

d. Canadian companies have not had the gumption necessary for international success.

ANSWER: d

26. Which model reflects the ultimate in both organizational complexity, with many diverse units, and organizational coordination, with mechanisms for integrating the varied parts?

a. transformative

b. transnational

c. global

d. multidomestic

ANSWER: b

27. Which of the following characterizes the transnational model?

a. using shared vision and values to achieve coordination in this horizontal structure

b. being one step short of the matrix in exploiting both global and local advantages for the corporation as well as multiple interrelated competitive issues

c. having a single headquarter and a single centre of control for each country and for each product line

d. not having a single corporate headquarter, but a clear hierarchical responsibility

ANSWER: a

28. Which of the following characteristics distinguishes the transnational organization from other forms of global organizations?

a. Assets and resources are dispersed worldwide into highly specialized operations that are linked through interdependent relationships.

b. Structures are stable.

c. Subsidiary managers initiate strategy and innovations that become strategy for the corporation as a whole.

d. Unification and coordination are achieved primarily through corporate culture, shared vision and values, and management style rather than through formal structures and systems.

ANSWER: b

29. Building a global presence expands an organization’s scale of operations, enabling it to realize economies of scale.

a. True

b. False

ANSWER: True

30. Having a presence in multiple countries provides firms with more marketing power and synergy compared to the same-size firm that has a presence in fewer countries.

a. True

b. False

ANSWER: True

31. In the third stage (multinational stage) of international development, a company typically shifts its interest

from domestic activity to exporting.

a. True

b. False

ANSWER: False

32. An organization in the second stage of international evolution (international stage) will usually have a domestic structure with an export department.

a. True

b. False

ANSWER: False

33. The international stage of international development means that exporting is taken seriously and that the company deals with the competitive issues of each country separately.

a. True

b. False

ANSWER: True

34. A joint venture is a separate entity created with two or more active firms as sponsors.

a. True

b. False

ANSWER: True

35. Managers and organizations all over the world are very reluctant to cooperate to achieve competitive advantage on a global scale.

a. True

b. False

ANSWER: False

36. The globalization strategy means that product design, manufacturing, and marketing strategy are standardized throughout the world, whereas a multidomestic strategy means that competition in each country is handled independently of competition in other countries.

a. True

b. False

ANSWER: True

37. In parts of Mexico, laundry detergent is used to wash dishes, not clothes, which is an example of the need for a multidomestic strategy.

a. True

b. False

ANSWER: True

38. As companies begin to explore international opportunities, they typically start with an international division that grows into an export department.

a. True

b. False

ANSWER: False

39. Functional structures are found more frequently in a worldwide business than in a domestic business.

a. True

b. False

ANSWER: False

40. To meet new competitive threats, many manufacturing firms are emphasizing their ability to customize their products to meet specific needs, which requires a greater emphasis on global responsiveness.

a. True

b. False

ANSWER: False

41. The global product structure works best when pressure for decision-making balances the interests of both product standardization and geographical localization, and when coordination to share resources is important.

a. True

b. False

ANSWER: False

42. The product-based structure works best when a division handles products that are technologically similar and can be standardized for marketing around the world.

a. True

b. False

ANSWER: True

43. With a global geographical structure, each division's manager is responsible for planning, organizing, and controlling all functions for the production and distribution of its products for any market around the world.

a. True

b. False

ANSWER: False

44. The global geographical structure divides the world into geographical regions, with each geographical division reporting to the CEO.

a. True

b. False

ANSWER: True

45. In many instances, companies will need to respond to both global and local opportunities simultaneously, in which case the global matrix structure can be used.

a. True

b. False

ANSWER: True

CHAPTER 6 - DESIGNING ORGANIZATIONS FOR THE INTERNATIONAL ENVIRONMENT

46. Hybrid structures are typical in highly volatile environments.
    a. True
    b. False

ANSWER: True

47. A growing number of global consumers are rejecting the notion of homogenized products and services, and calling for greater response to local preferences.
    a. True
    b. False

ANSWER: True

48. The “not invented here” syndrome makes some managers reluctant to tap into the know-how and expertise of other units.
    a. True
    b. False

ANSWER: True

49. A transnational team is a work group comprising multinational members whose activities span multiple countries.
    a. True
    b. False

ANSWER: True

50. Functional managers coordinate across functions, whereas country managers coordinate among countries.
    a. True
    b. False

ANSWER: False

51. Network coordinators would enable a manufacturing organization to provide knowledge and integrated solutions across multiple businesses, divisions, and countries for a large customer.
    a. True
    b. False

ANSWER: True

52. High uncertainty avoidance means that people accept inequality in power among institutions, organizations, and people.
    a. True
    b. False

ANSWER: False

53. Low uncertainty avoidance means that people have a high tolerance for the unstructured, the unclear, and the unpredictable.
    a. True
    b. False

ANSWER: True

54. Deal-focused individuals believe in building close personal relationships as the appropriate way to conduct business.
    a. True
    b. False

ANSWER: False

55. Informal cultures place a low value on status and power differences.
    a. True
    b. False

ANSWER: True

56. European companies tend to have international units that have a high level of independence.
    a. True
    b. False

ANSWER: True

57. The transnational model reflects the ultimate in both organizational complexity, with many diverse units, and organizational coordination, with mechanisms for integrating the varied parts.
    a. True
    b. False

ANSWER: True

58. The management philosophy of a transnational model is based on interdependence rather than either full divisional independence or total divisional dependence on headquarters for decision making and control.
    a. True
    b. False

ANSWER: True

59. The GLOBE findings are notably different from Hofstede's.
    a. True
    b. False

ANSWER: False

Case 6.0

It was reported in the *Wall Street Journal* that Ford Motor Co. was reorganizing to place its functions such as product development, sales, and engine/transmissions under their own executives with global authority. Alexander Trotman, chairman and CEO, wanted to create a structure that would avoid costly duplication in different parts of the world and that would foster Ford's development of models such as its Mondeo (Europe) and Contour (U.S.), which could sell worldwide with few modifications. Trotman wanted a company that was strong internationally in product development, manufacturing, and purchasing and that could take advantage of Ford's geographical strengths throughout the world.

The company had been organized geographically into three relatively independent divisions—Ford North

America, Ford of Europe, and Ford Asia/Pacific. The new products cited above, Mondeo and Contour, sapped $6 billion in development costs because of expensive coordination time between the sometimes-conflicting European and North American divisions. Elimination of duplication was a goal of the new structure.

Simultaneously a new “program team facility” was being constructed so that all of Ford’s new product development would be by teams. The new coupe Mustang was born from an experimental cross-functional team that designed the product in less than three years compared to Ford’s normal four-to-five-year development cycle. Trotman emphasized that he wanted to change the process, not just the structure, by which new products were developed. Ford apparently found the team process convincing because the Mustang was developed on a budget about 30% lower than budgets for comparable projects.

SOURCE: Summarized from “Ford to Realign with a System of Global Chiefs,” *The Wall Street Journal*, March 31, 1994, pp. A3–A4.

60. Refer to Case 6.0. Describe how Ford’s proposed structural changes are different from the usual progression through the stages resulting from international development. Describe how Ford’s proposed structural changes parallel the new designs for domestic and global advantage.

ANSWER: It seems that Ford is going from the international stage directly to the global stage without going through the multinational stage. Ford is trying not to be just a collection of different domestic entities but to be truly global with the competitive position in one country affecting the organization as a whole.

61. Refer to Case 6.0. Comment on any difficulties Ford might encounter in adopting the philosophy and behaviour of a horizontal corporation as the company made the structural change CEO Trotman outlined.

ANSWER: The organizational structure is very complex to manage and the change may have been too abrupt for Ford to implement effectively.

62. Refer to Case 6.0. Identify the strategy in the textbook that Ford appears to be adopting. Describe advantages and disadvantages of that strategy for Ford. Why do you think CEO Trotman moved to that strategy?

ANSWER: Ford seems to be moving to a globalization strategy. Such a strategy could help Ford get the benefits of economies of scale by standardizing product design and manufacturing, using common suppliers, introducing product globally more quickly, and coordinating prices and manufacturing standards. However, product design, assembly, and marketing would be less tailored to the needs of individual countries.

63. Refer to Case 6.0. What sort of structure was Ford using before the proposed change?

ANSWER: Ford was using a multidomestic strategy by region.

64. Discuss each of the motivations for global expansion.

ANSWER: Organizations are motivated to expand globally for three reasons: (1) to get economies of scale, (2) to achieve economies of scope, and (3) to find low-cost production locations.

65. Select any organization with which you are familiar—your college or university, the car dealership down the road, an organization where you work, etc. Analyze the global forces that influence the organization you selected. How should the organization respond to those global forces in order to gain international competitive advantage?

ANSWER: Students will have a range of responses, depending on the type of organization they use for the analysis. It is important for the students to be clear about the extent of the possible influence of global forces and then address the suitable structures as presented in Exhibit 6.1 on page 218.

66. Why are global companies sometimes described as stateless corporations?

ANSWER: Such companies do not see themselves as belonging to a single home country.

67. Describe the stages of international evolution in terms of their strategic orientation.

ANSWER:

	1. Domestic	**2. International**	**3. Multinational**	**4. Global**
Strategic Orientation	Domestically-oriented	Export-oriented multidomestic	Multinational	Global

68. What are the international strategic alliances that companies can choose from to expand globally? Discuss and give an example of each.

ANSWER: Typical alliances include (a) licensing, (b) joint ventures, and (c) consortia. To illustrate each, (a) pharmaceutical companies will often cross-license their new drugs to encourage innovation in drug development; (b) Nortel Networks had joint ventures with Chinese firms to get access to China’s enormous markets; and (c) Airbus Industries is a consortium of French, German, and British aerospace firms.

69. Which type of international strategic alliance, if any, would you recommend for a business that wanted to gain entry into China? Explain the reasons behind your choice.

ANSWER: You would recommend joint ventures, because then the non-Chinese company could learn from its Chinese partners about the special characteristics of the market. However, it’s important to note that there may be time-consuming cross-cultural challenges to manage. The goal is to achieve a “global” relationship.

70. Compare and contrast the globalization strategy and the multidomestic strategy. Give an example of effective use of each strategy.

ANSWER:

Globalization Strategy	**Multidomestic Strategy**
Product design, manufacturing, and marketing strategies are standardized around the world.	Competition in different countries is handled differently.
Example: Coca-Cola Company	Example: P&G

71. When should a company begin using an international division? What problems are likely to be solved by adopting this structure? As the company progresses in its international development, what problems will likely not be solved by this structure?

ANSWER: A company should use an international division as its starts to explore international opportunities. The organization will have resources dedicated to its international customers. However, the structure does not permit the company to be particularly close to its customers, so many organizations move on to the global product structure or the global geographical structure.

72. Compare and contrast the global product division structure and global matrix structure.

ANSWER:

	Global Product	**Global Matrix**
Structural Characteristics	Product division takes	Like a domestic matrix but the

	responsibility for global operation in its product area.	degree of coordination and communication are greater and more complex.
Advantages	Fairly straightforward design; managers at headquarters have broad perspective; standardizing production and sales globally	Works best when the pressure for decision-making balances the interests of both product standardization and geographical localization

73. Under what conditions should an organization consider a global geographical structure as opposed to a global product structure?

ANSWER: Companies that want to emphasize adaptation to regional or local market needs would do well to adopt a global geographical structure.

74. Discuss the global geographical structure.

ANSWER: The global geographical structure divides the world into geographical regions, with each geographical region reporting directly to the CEO. Each region has complete control of the functional activities in its region.

75. Discuss the global matrix structure. Give an example.

ANSWER: The global matrix is like a domestic matrix but the degree of coordination and communication are greater and more complex. It works best when the pressure for decision making balances the interests of both product standardization and geographical localization. ABB, described on page 228 of the textbook, is an excellent example.

76. What are the three primary segments of the global organizational challenge? Discuss each.

ANSWER: They are the following: (1) when organizations go international, they encounter greater internal and external complexity, and so they face the challenge of increased complexity and the need for greater differentiation. (2) As a result, they face the challenge of the need for greater integration. (3) They also face the challenge of the transfer of innovation and knowledge, which can be limited by political forces and resource inadequacy in the organization.

77. List the reasons most organizations tap only a fraction of the potential available from the cross-border transfer of knowledge.

ANSWER: There are four main reasons organizations tap only a fraction of the potential. They are (1) knowledge often remains hidden because of language and other differences, (2) some divisions will want to hold on to their knowledge, as they see knowledge as power, (3) the “not invented here” syndrome, and (4) much of the knowledge is either tacit or in the employees’ minds, and the organization does not have the resources to capture the knowledge.

78. The most advanced and competitive use of global teams involves simultaneous contributions in three strategic areas. List these three areas.

ANSWER: First, global teams help companies address the differentiation challenge. Second, teams provide the necessary integration. Third, they contribute to learning and knowledge transfer and adaptation on a global level.

CHAPTER 6 - DESIGNING ORGANIZATIONS FOR THE INTERNATIONAL ENVIRONMENT

79. Discuss the national value systems.

ANSWER: National value systems are thought to distinguish one country from another. The most popular research on such differences was conducted by Hofstede, who identified five dimensions on which countries differ: power distance, long-term orientation, masculinity, uncertainty avoidance, and individualism.

80. Discuss the three primary approaches to coordination and control as represented by Japanese, North American, and European companies.

ANSWER:

	Japan	**North America**	**European**
Coordination and Control Systems	Rely on centralization	Use formalization	Use decentralized approach

81. List and discuss the characteristics that distinguish the transnational organization from other global organization forms.

ANSWER: Transnational organizations are the most advanced type of international organization. They create an integrated network of individual operations that are linked together to achieve the various goals of the organization. They are characterized by (1) assets and resources being dispersed worldwide into highly specialized linked operations; (2) flexible and changing structures; (3) subsidiary managers' ability to initiate strategy; and (4) coordination being achieved primarily through organizational culture, shared visions and values, and management style.

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CHAPTER 7 - MANUFACTURING AND SERVICE TECHNOLOGIES

1. Woodward’s classified technology into three clusters of organizational technologies based on a scale. What did that scale measure?

a. the number of employees in the span of control

b. the interdependence of tasks

c. the technological complexity of the organization’s technical core

d. the variety and analyzability of tasks within each department

ANSWER: c

2. Which kind of production represents mechanization and standardization one step beyond those in an assembly line?

a. continuous process

b. large-batch

c. technical complexity

d. small-batch

ANSWER: a

3. What type of structure–technology relationship do commercially successful organizations tend to have?

a. small-batch organizations had organic structures

b. mass-production organizations had organic structures

c. large-batch organizations had organic structures

d. continuous process organizations had mechanistic structures

ANSWER: a

4. Which type of system links manufacturing components that previously stood alone?

a. continuous process systems

b. flexible manufacturing systems

c. advance technological systems

d. computerized process systems

ANSWER: b

5. What are the three subcomponents of computer-integrated manufacturing?

a. CAD, CAM, and integration information network

b. people, hardware, and software

c. information, computers, and procedures

d. CIM, ADC, and software

ANSWER: a

6. What is one important advantage of flexible manufacturing systems?

a. It requires little training to use.

b. There is little employee involvement.

c. One product can be produced at a time, making it easier for employees to operate.

d. Products of different sizes, types, and customer requirements freely intermingle on the assembly line.

ANSWER: d

7. Which of the following is based on employee involvement?
   a. mass customization
   b. flexible manufacturing systems
   c. lean manufacturing
   d. computer-aided design

ANSWER: c

8. When Dell Computer Corporation began building computers to order, they were one of the first major organizations to engage in which of the following?
   a. mass customization
   b. flexible manufacturing systems
   c. lean manufacturing
   d. computer-aided design

ANSWER: a

9. How did flexible manufacturing systems give manufactures a competitive advantage?
   a. by making small batches of customized products
   b. by making large batches of customized products
   c. by making small batches of standardized products
   d. by making large batches of standardized products

ANSWER: b

10. What sort of organization is a retail store such as HBC an example of?
   a. customer service
   b. product and service
   c. product focused
   d. product consuming

ANSWER: b

11. Which type of process is used in the production of an intangible product?
   a. service technology
   b. flexible manufacturing systems
   c. lean manufacturing
   d. non-core departmental technology

ANSWER: a

12. How can service organizations achieve their greatest economies?
   a. through centralization of services
   b. through geographic decentralization

c. through dividing into smaller units close to customers
d. through centralized decision making

ANSWER: c

13. Which term means providing exactly the service each customer wants and needs?
a. service complexity
b. customized output
c. mass customization
d. CAM

ANSWER: b

14. Which term is used to refer to the frequency of unexpected and novel events that occur in the conversion process?
a. service technologies
b. non-routine technologies
c. task variety
d. analyzability

ANSWER: c

15. Which of the following is Perrow most concerned with?
a. two aspects of technology: variety and analyzability
b. two types of structures that seem to determine which technology is best
c. two aspects of environment that call for a particular structure
d. two types of structures that seem to determine which environment should be enacted

ANSWER: a

16. What kind of technology is employed by an oil explorer using a divining rod to decide where to begin drilling operations?
a. routine
b. craft
c. engineering
d. high analyzability

ANSWER: b

17. Using Perrow's framework, in what category would you most likely find the public relations department?
a. craft
b. nonroutine
c. engineering
d. routine

ANSWER: b

18. The verification department of the federal tax department checks the mathematics on returns and notes any

discrepancies. Which of Perrow's quadrants would this department fit into?

a. craft
b. routine
c. engineering
d. nonroutine

ANSWER: b

19. According to the general pattern in technology research, what is advisable when technologies are routine, analyzable, independent, and well defined?

a. Organic structures with less control, fewer procedures, decentralized decision making, and face-to-face communications should be used.
b. A sociotechnical approach should be used.
c. Mechanistic structures with tighter control, formalized procedures, centralized decision making, and written communications are appropriate.
d. Coordination must be achieved through CIM.

ANSWER: c

20. Judy has 300 employees reporting to her, whereas 25 employees report to Fred. Which statement provides the best comparison of the two?

a. Judy has a narrower span of control than Fred.
b. Judy's organization has less formalization than Fred's.
c. Judy's employees are less skilled than Fred's.
d. Judy has a wider span of control than Fred.

ANSWER: d

21. Jane works for a college that offers correspondence courses. She works in the mailroom stuffing envelopes with the replies of professors to students. She then seals the envelopes and puts them in an outgoing bin. She finds that on this job she has a lot of time for daydreaming. What would you expect the organizational structure in her department to be?

a. mechanistic
b. organic
c. high in variety
d. unanalyzable

ANSWER: a

22. Suppose that VW is considering changing its production operations from an assembly line in which each employee adds one piece as a car chassis goes by to an operation in which several employees work as a team to build the complete car, with the team deciding who does what tasks. If VW implements the change, how would interrelationships change?

a. from pooled interdependence on the line to reciprocal interdependence between the teams
b. from reciprocal interdependence on the line to sequential interdependence between the teams
c. from sequential interdependence on the line to pooled interdependence between the teams

d. from routine tasks to mediating technology

ANSWER: c

23. What type of interdependence exists when work does not flow between units and each unit works independently?

a. pooled
b. grouped
c. sequential
d. high

ANSWER: a

24. A building contractor is constructing 35 “tract homes” on small, adjoining parcels. The crew knows that the many subcontractors must complete their work in a proper order. What is your recommendation regarding the level of coordination required?

a. Because this is pooled interdependence, rules from the construction industry should suffice, since everyone on the job can learn the rules for the proper ordering of subcontractors.
b. Because this is reciprocal interdependence, cross-functional teams among all the subcontractors will be essential.
c. Because this is sequential interdependence, regularly scheduled meetings and planning will be needed to coordinate the ordering of the work.
d. Because this is a sociotechnical system, it is most important to design the coordination to improve efficiency, ignoring human needs.

ANSWER: c

25. For which of the following would baseball be a close analogy?

a. sequential interdependence
b. pooled interdependence
c. reciprocal interdependence
d. the highest level of team interdependence

ANSWER: b

26. What form of interdependence would apply to a game of football?

a. pooled, because management must select individual players and develop their skills
b. sequential because plays are run sequentially and events during the plays occur sequentially
c. reciprocal because mutual adjustments must be made by the players
d. sporadic because it is really a game of individual talents

ANSWER: b

27. Which of the following includes the assignment of goals and tasks to be accomplished by employees?

a. job rotation
b. job coordination
c. job exchange

d. job design

ANSWER: d

28. Which of the following means that the job provides greater responsibility, recognition, and opportunities for growth and development?

a. job enrichment
b. job rotation
c. job design
d. job simplification

ANSWER: a

29. What impact have advanced technologies had on job design?

a. job simplification
b. no change
c. job enrichment
d. lowered wages

ANSWER: c

30. Which of the following has resulted from the impact of technology on job design?

a. job simplification
b. greater division of labour
c. jobs requiring higher-level skills
d. lower compensation because of the financial emphasis on equipment

ANSWER: c

31. Which term means that an organization functions best only when the social and technical systems are defined to fit the needs of one another?

a. job design
b. joint optimization
c. coordination
d. task variety

ANSWER: b

32. What is the purpose of the sociotechnical systems approach?

a. to apply the theory of job enlargement
b. to provide qualified management to an organization in a turbulent environment
c. to offer the most advanced information technology possible to maximize organizational competitiveness
d. to combine human needs with technical efficiency in job design

ANSWER: d

33. What is the goal of the sociotechnical systems approach?

a. to design the organization for joint optimization
b. to design the organization for re-engineering
c. to design the organization for self-regulation of advanced technology
d. to design the organization for strong organization culture

ANSWER: a

34. What is the core principle underlying the sociotechnical systems approach that refers to the iterative process of design?

a. incompletion
b. reciprocal interdependence
c. support congruence
d. variance control

ANSWER: a

35. "Technology" could be considered to be the tools, techniques, and actions that are used to transform organizational inputs into outputs.

a. True
b. False

ANSWER: True

36. Perrow's study is about organization-level technology, while Woodward's study is classified as pertaining to department-level technology.

a. True
b. False

ANSWER: False

37. Large-batch production is considered to have greater technical complexity than small-batch production on Woodward's scale.

a. True
b. False

ANSWER: True

38. The management systems in both unit production and continuous process are characterized as mechanistic, whereas mass production is seen as organic.

a. True
b. False

ANSWER: False

39. Failing to adopt appropriate technologies to support strategy, or adopting a new technology and failing to realign strategy to match it, can lead to poor performance.

a. True
b. False

ANSWER: True

CHAPTER 7 - MANUFACTURING AND SERVICE TECHNOLOGIES

40. An integrated information network refers to a computerized system with a common database linking all areas of the organization such as accounting, inventory control, design, marketing, production, etc.
   a. True
   b. False

ANSWER: True

41. A company can adopt CAD in one department and/or CAM in another, and make improvements in efficiency and quality, but the results of implementing all three improvements are breathtaking.
   a. True
   b. False

ANSWER: True

42. Products of different sizes, types, and customer requirements freely intermingling on the assembly line is an advantage of lean manufacturing.
   a. True
   b. False

ANSWER: False

43. Mass customization refers to the separation of one product from the mass production line so that it can be adapted to the needs of a particular market.
   a. True
   b. False

ANSWER: False

44. Research suggests that FMS can become a competitive burden, rather than a competitive advantage, unless organizational structures and management processes are redesigned to take advantage of the new technology.
   a. True
   b. False

ANSWER: True

45. Compared with traditional mass production technologies, FMS has a narrow span of control; few hierarchical levels; adaptive tasks, low specialization, and decentralization; and an overall environment characterized as organic and self-regulative.
   a. True
   b. False

ANSWER: True

46. The production of tangible outputs from service technology, rather than intangible ones from manufacturing technology, is the most obvious difference between the two technologies.
   a. True
   b. False

ANSWER: False

47. Service technologies are considered to be labour- and knowledge-intensive, while manufacturing technologies tend to be capital-asset-intensive.

a. True
b. False

ANSWER: True

48. Boundary roles are used extensively in manufacturing firms, but rarely used in service organizations.
a. True
b. False

ANSWER: True

49. With services technologies, the organization should generally be centralized.
a. True
b. False

ANSWER: False

50. Engineering technologies tend to be low in analyzability and high in variety.
a. True
b. False

ANSWER: False

51. Routine technologies are characterized by little task variety and the use of objective, computational procedures, whereas engineering technologies tend to be complex because there is substantial variety in the tasks performed.
a. True
b. False

ANSWER: True

52. Span of control is the number of employees who report to a single manager or supervisor and is normally influenced by departmental technology.
a. True
b. False

ANSWER: True

53. A mediating technology provides products or services that mediate or link clients from the external environment and, in doing so, allows each department to work independently.
a. True
b. False

ANSWER: True

54. Sequential interdependence exists when the output of operation A is the input of operation B, and the output of operation B is the input back again to operation A.
a. True
b. False

ANSWER: False

CHAPTER 7 - MANUFACTURING AND SERVICE TECHNOLOGIES

55. Intensive technologies refers to “the combination in one organization of successive stages of production; each stage of production uses as its inputs the production of the preceding stage and produces inputs for the following stage.”

a. True

b. False

ANSWER: False

56. Since decision-making, communication, and coordination problems are greatest for reciprocal interdependence, reciprocal interdependence should receive last priority in organization structure.

a. True

b. False

ANSWER: False

57. A baseball team is an example of pooled interdependence.

a. True

b. False

ANSWER: True

58. Job enrichment refers to the expansion of the number of different tasks performed by an employee.

a. True

b. False

ANSWER: False

59. More advanced technology tends to cause job enrichment.

a. True

b. False

ANSWER: True

60. Job simplification means that jobs are made less difficult and with fewer tasks.

a. True

b. False

ANSWER: True

61. Advanced technology does not always have a positive effect on employees, but research findings in general are encouraging, suggesting that jobs for workers are enriched rather than simplified, engaging their higher mental capacities, offering opportunities for learning and growth, and providing greater job satisfaction.

a. True

b. False

ANSWER: True

62. Sociotechnical systems design requires detailed design specifications.

a. True

b. False

ANSWER: False

63. E-commerce entails the customer’s landing on the home page.
   a. True
   b. False

ANSWER: False

Case 7.0

Toyz, a seven-year-old manufacturing company in a small valley town, produces three plastic toy lines that it judges will be “hot” items for children. In their first two years, even though start-up costs were high, the company did well because it judged the unpredictable market well and even set the pace within its region for popularity of a new bubble maker. By the third year, however, similar, cheaper bubble makers were commonly imported from Taiwan, and the owner’s judgments on other “hot” items were not on target; consequently, Toyz operated at a loss for two years. Three years ago Toyz added a small new product line that it thought might bring some stability to the company. In addition to the “hot” items, Toyz added a small “cash cow” line of plastic furniture for children. Last year the furniture line constituted 25% of total revenue, and Toyz would like to keep the line at about 25% of total revenues.

The design department consists of five employees who are highly educated and held responsible for safe engineering of a product that can realistically be manufactured. Toyz designers gear up annually in January for that year’s Christmas season. As professionals, they make a point of keeping informed of government standards that are occasionally issued.

Some organization leaders feel that marketing is missing the boat by catering more to Toyz’s end users rather than to the company’s wholesale buyers. Toyz deals with only two major distributors to handle all warehousing and distribution. Frequently their orders are not filled correctly because sufficient quantity cannot always be produced on time.

Although top management is giving some consideration to outsourcing part of its manufacturing operations overseas (where labour is less costly), at present 80% of employees are in manufacturing. The manufacturing area is kept very clean, but the odour on the premises is so bad that many people in town will not accept jobs there even though entry-level pay is somewhat above minimum wage.

64. Refer to Case 7.0. Classify Toyz in the organizational framework for manufacturing technology. Explain. Then make recommendations to management for an appropriate structural response based on that analysis.

ANSWER: Toyz seems to be at point 4–5 on Woodward’s 10-point scale of technical complexity and may need to increase its technical complexity. On the other hand, if Toyz outsources, then it could use small-batch technology to become a design-focused firm.

65. Refer to Case 7.0. Place Toyz’s manufacturing, marketing, and design departments in Perrow’s framework for departmental technology. Then, on the basis of your analysis, make recommendations to management on any differences in how each of those departments should be managed.

ANSWER: Toyz seems to have medium variety and medium analyzability, so it borders on the craft and nonroutine departmental technologies as described in Exhibit 7.9 of the textbook. If so, then Toyz needs to have a somewhat organic structure.

66. John Davis just decided to quit his job with General Motors where he worked in an assembly plant. He is going to open his own shop that will install customized mufflers on cars. Using Woodward’s framework, explain the differences in the technologies of these two types of organizations. What resulting differences in

organization structure should there be?

ANSWER: GM often uses large-batch (or mass production) and is structured mechanistically. When Davis starts his own shop, he will be using small-batch technology and so his organization needs to be organic.

67. Discuss the three basic technology groups of Woodward's Study.

ANSWER: They are (1) small-batch or craft production, (2) large-batch or mass production, and (3) continuous process or complete mechanization.

68. Using Woodward's findings, compare the structures that are appropriate for each of the technologies she identified. Use at least the following elements of structure: supervisor span of control, worker skill level, centralization, and number of management levels.

ANSWER:

	Small-Batch	**Large-Batch**	**Continuous Process**
Span of control	Medium	High	Low
Skill	High	Low	High
Centralization	Low	High	Low
Management levels	Low	Medium	High

69. Extend the framework of Woodward's research findings to today, adding in whatever important technology did not exist at the time she did her research.

ANSWER: IT and Web 2.0 need to be added.

70. What is a flexible manufacturing system (FMS)? Describe the three subcomponents of flexible manufacturing.

ANSWER: An FMS is an automated factory. Its three core subcomponents are CAD, CAM, and an integrated information network.

71. You work for a large company that has just installed a flexible manufacturing system (FMS). You have been eagerly sharing this news with one of your relatives, who says to you, "I don't like computers, because they remove the companies so much from the demands of the customer." Based on your readings in organization theory, how would you reply?

ANSWER: FMS allows increased product flexibility so that the company can be *closer* to the customer.

72. List the differences between manufacturing and service technologies. Provide three examples of service technologies, product and service technologies, and product technologies.

ANSWER: The answer is contained in its entirety in Exhibit 7.7 of the textbook.

73. What organizational changes begin to appear as service organizations take on characteristics of "mass production?" Give an example to support your explanation.

ANSWER: Such organizations will rely more on technology and database applications to be able to respond to particular consumer requests. For example, Japan Post hired an expert from Toyota Motor Company to reconfigure its collection, sorting, and delivery of mail.

74. Contrast the axes on Perrow's framework for department technologies.

ANSWER: Variety refers to the degree of exceptions in work. Analyzability refers to the extent work can or cannot be broken down into mechanical steps.

75. Do you agree with a top executive who claimed that top-level management is a craft technology? Based on your answer, what can be taught in the classroom about top-level management?

ANSWER: There is some merit in the position that top-level management is a craft. It is hard to break down into mechanical steps. However, it may be better to see top-level management as nonroutine because there is much variety. Students can learn some useful tools, such as organization design, in a classroom but will need to learn from observation, trial-and-error, and being a mentee.

76. Using your program or college/university department as your focal organization, place it in the quadrants of Perrow's framework. What two factors did you use to determine placement in a quadrant?

ANSWER: There may be some variability in the answers but the students should be able to explain how they assessed the degree of variety and analyzability in making their classification.

77. Discuss each of the categories of Perrow's framework. Give examples of each.

ANSWER: There are four: (1) craft, such as a performing arts troupe; (2) nonroutine, such as strategic planning; (3) routine, such as auditing; and (4) engineering, such as tax accounting. Perrow's framework consists of two dimensions—degree of analyzability and degree of variety.

78. Discuss the six questions employees are normally asked to show how departmental technology can be analyzed for determining its placement on Perrow's technology framework.

ANSWER: Using a seven-point scale to judge their responses, employees are asked the following questions. For the variety dimension, the questions are: (1) To what extent would you say your work is routine? (2) Do most people in this unit do about the same job in the same way most of the time? (3) Do you think unit members perform repetitive activities when doing their jobs? For the analyzability dimension, they are asked: (1) To what extent is there a clearly known way to do the major types of work you normally encounter? (2) To what extent is there an understandable sequence of steps that can be followed in doing your work? (3) To what extent can you actually rely on established procedures and practices?

79. Describe an organization in which a mechanistic structure would be the most appropriate and explain why. Describe an organization in which an organic structure would be the most appropriate and explain why.

ANSWER: A mechanistic structure would be appropriate in a mass production facility, because it employs routine technology. An organic structure would be appropriate for an organization whose departmental technology is nonroutine (e.g., an R&D lab).

80. If interdependence is now pooled, should efforts be made to force the entities into greater interrelationship? Defend your position.

ANSWER: No, because there are low demands for communication. The type of coordination appropriate for pooled interdependence is standardization, rules, and procedures.

81. If several of a bank's departments are considered to be sequentially interdependent, how should their interrelationship be managed?

ANSWER: The interrelationship should be managed by plans, schedules, feedback, and task forces.

82. How is organization structure related to technology? Explain.

ANSWER: Technology is one of the contingencies that affect structure. The sports teams example on page 281 of the textbook illustrates the relationships.

83. Discuss the impact technology has on job design.

ANSWER: Technology can result in job enlargement or job enrichment. In the past and in some cases still today, technology has resulted in job simplification.

84. Using the sociotechnical systems model, explain the design for joint optimization both in terms of the model and in terms that describe the meaning.

ANSWER: Joint optimization means that an organization functions best when the social and technical systems are designed for the needs of one another. For example, it is important, when designing a new administrative workstation, to design in ergonomic and other features so that the person can work comfortably.

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CHAPTER 8 - ORGANIZATION SIZE, LIFE CYCLE, AND DECLINE

1. What are small businesses characterized by, in contrast to large businesses?
   a. niche-finding strategies
   b. a decreasing percentage of employees in the economy as a whole
   c. fewer numbers, as merger mania continues to create a larger proportion of large firms in the world economy
   d. the front/back combinations that combine small units into larger ones

ANSWER: a

2. What is the major goal of an organization during the entrepreneurial stage of the life cycle?
   a. growth
   b. goal-setting
   c. survival
   d. complete organizational structure

ANSWER: c

3. Which statement best describes organizations going through the organizational life cycle?
   a. They usually reach elaboration in 12–18 months.
   b. They tend to become very bureaucratic by the collectivity stage.
   c. They usually resolve crises associated with each stage, or face restricted growth.
   d. They tend to experience their wildest and most rapid growth period in the formalization stage.

ANSWER: c

4. When do organizations begin to develop clear goals and direction?
   a. entrepreneurial stage
   b. elaboration stage
   c. formalization stage
   d. collectivity stage

ANSWER: d

5. At which stage in the life cycle of a newly established hierarchy do departments emerge and get established, along with the beginnings of division of labour?
   a. entrepreneurial
   b. formalization
   c. collectivity
   d. elaboration

ANSWER: c

6. What is a characteristic of the formalization stage of the organizational life cycle?
   a. frequent communication
   b. top management concern with planning and strategy
   c. establishment of departments

d. market survival

ANSWER: b

7. Two brothers, Jake and Tommy, were hired by an organization with a bureaucratic organizational structure. Because they had different sets of skills, they ended up working in different parts of the organization. Which dimension of bureaucracy is this an example of?

a. rules and procedures
b. specialization and division of labour
c. hierarchy of authority
d. trained employees

ANSWER: b

8. Why did Max Weber systematically study the concept of a bureaucracy?

a. to make organizations more rational and efficient
b. to make organizations more empathetic
c. to make organizations less formal
d. to make organizations quicker to respond to stakeholders

ANSWER: a

9. What was the purpose of rules and standard procedures as developed by Weber?

a. to help managers get tough with lazy employees
b. to keep managers in their positions of control and power
c. to enable activities to be performed in a predictable and routine manner
d. to punish anyone who got out of line

ANSWER: c

10. Which crisis is associated with the collectivity stage of the organizational life cycle?

a. need for leadership
b. need for delegation with control
c. need to deal with too much red tape
d. need for revitalization

ANSWER: b

11. What has research on personnel ratios found?

a. that clerical and professional support staff ratios decrease in proportion to organization size
b. that small organizations are very inefficient because direct workers as a percentage of total employees are so low
c. that personnel ratios for professional support staff are higher in small firms than in large firms
d. that there is a smaller administrative ratio in large firms

ANSWER: d

12. Tyler Jones is the CEO of a medium-sized manufacturer of bedding and blankets. Tyler insists on making all

decisions on what styles are manufactured; the type of material that will be used in each; the sources from which the company will purchase yard goods, thread, and buttons; and the shippers the company will use. Which term describes this company?

a. routinized
b. centralized
c. formalized
d. standardized

ANSWER: b

13. Which term is high formalization most closely associated with?

a. organic structure
b. bureaucracy
c. large size
d. responsive style

ANSWER: c

14. What is the primary reason the CEO of a large company such as Tim Hortons would push decisions as far down the hierarchy as he or she can?

a. to develop managers
b. to make decisions more quickly
c. to appear more Canadian and thereby increase sales
d. to save himself or herself the trouble of making these decisions

ANSWER: b

15. Carson is the manager of Cutter’s Consulting, a consulting company comprised of professionals from different fields. What would Carson be wise to do in such a company?

a. bring the organization immediately into revitalization
b. have little formalization
c. use as much authority as much as possible
d. discourage horizontal communication because it violates the chain of command

ANSWER: b

16. What was developed to maintain the efficiency and control benefits of bureaucracy yet prevent the problem of slow response to crises?

a. big-small hybrid
b. formalization systems
c. clan control
d. incident command system

ANSWER: d

17. Which of the following is based on the idea that the organization can glide smoothly between a highly formalized, hierarchical structure that is effective during times of stability and a more flexible, loosely

structured hierarchy when needed to respond well to unexpected and demanding environmental conditions?

a. decentralization
b. incident command system
c. clan control
d. formalization

ANSWER: b

18. In a crisis, what is the incident commander's main role?

a. Ensure the clan leader is informed.
b. Make sure the managing partner is brought into take control.
c. Make sure all activities that occur are appropriate and maintain order.
d. Strengthen the bureaucratic control systems to maintain their function.

ANSWER: c

19. What term is used for a relatively new form of organization that includes medical practices and law firms?

a. incident commanders
b. clan members
c. professional collaborations
d. professional partnerships

ANSWER: d

20. Which term is defined as the use of rules, policies, hierarchy of authority, written documentation, standardization, and other mechanisms to standardize behaviour and assess performance?

a. market control
b. bureaucratic control
c. traditional control
d. clan control

ANSWER: b

21. What type of authority is the basis for both creation and control of most government organizations worldwide?

a. charismatic
b. rational-legal
c. traditional
d. competitive

ANSWER: b

22. Larry is a great leader who has run his organization for many years, and has the kind of personality that everyone wants to be around. What type of authority does Larry have?

a. rational-legal
b. traditional
c. charismatic

d. informal

ANSWER: c

23. What type of authority is the most widely used form to govern internal work activities and decision making, particularly in large organizations?

a. traditional

b. charismatic

c. appointed

d. rational-legal

ANSWER: d

24. Shelli's organization operates in an industry with a great deal of competition that produces a commodity-type product. She measures success based on cost control and profit maximization. Which form of control does she use?

a. bureaucratic

b. clan

c. traditional

d. market

ANSWER: d

25. In what kind of organizations is clan control most often used?

a. small, informal organizations or ones with a strong culture

b. small, formal organizations or ones with a weak culture

c. large, informal organizations or ones with a weak culture

d. large, formal organizations or ones with a strong culture

ANSWER: a

26. What term is used for a condition in which a substantial, absolute negative change in an organization's resource base occurs over a period of time?

a. organization dissolution

b. organizational life-cycle

c. organizational decline

d. organizational inaction

ANSWER: c

27. Which of the following is a factor that causes organizational decline?

a. vulnerability

b. increased product prices

c. increased market control

d. organizational realignment

ANSWER: a

CHAPTER 8 - ORGANIZATION SIZE, LIFE CYCLE, AND DECLINE

28. In what stage does denial occur despite signs of deteriorating performance?
    a. the blinded stage
    b. the inaction stage
    c. the faulty action stage
    d. the crisis stage

ANSWER: b

29. In what stage does the organization face serious problems, and indicators of poor performance can no longer be ignored?
    a. the faulty action stage
    b. the dissolution stage
    c. the blinded stage
    d. the crisis stage

ANSWER: a

30. When downsizing, which of the following helps ease the downsizing process and reduces tension of both employees who leave and those who remain?
    a. helping the remaining employees focus on their daily tasks by providing more guidance or assistance
    b. communicating less, not more
    c. providing assistance to workers who were let go
    d. letting workers deal with the situation on their own and in their own way

ANSWER: c

31. Despite the increasing size of many companies, the economic vitality of Canada is tied to small and mid-sized businesses.
    a. True
    b. False

ANSWER: True

32. The big/small approach may be used to combine small units in order to gain advantages of efficiencies.
    a. True
    b. False

ANSWER: False

33. There are ten stages of life cycle development an organization must generally go through in order to reach the final stage when rewards are personal and aimed at those who contribute to organizational success.
    a. True
    b. False

ANSWER: False

34. In a large company going through the organizational life cycle, the replacement of top management may occur in its elaboration stage as it struggles to revitalize.
    a. True

b. False

ANSWER: True

35. Employees at ACE identify with the company mission and goals, and they typically put in 55-hour work weeks. ACE is established in the marketplace, and is concentrating on getting more and more dealers to sign on. ACE does not have a written policies and procedures manual for its own employees. ACE is in its collectivity stage.

a. True

b. False

ANSWER: True

36. The elaboration stage involves the installation and use of rules, procedures, and control systems.

a. True

b. False

ANSWER: False

37. Ninety-nine percent of businesses that make it past the first year still fail within five years because they can’t make the transition from the entrepreneurial stage.

a. True

b. False

ANSWER: False

38. The life-cycle phenomenon is a powerful concept used for understanding problems facing organizations and how managers can respond in a positive way to move an organization to the next stage.

a. True

b. False

ANSWER: True

39. In the collectivity stage, departments are established along with a hierarchy of authority, job assignments, and a beginning division of labour.

a. True

b. False

ANSWER: True

40. Weber believed that a well-managed bureaucracy would ensure efficient organizational functioning in both government and business settings.

a. True

b. False

ANSWER: True

41. The bureaucratic control system was developed to maintain the efficiency and control benefits of bureaucracy yet prevent the problem of slow response to crises.

a. True

b. False

ANSWER: False

42. As organizations become larger, greater centralization is necessary.
   a. True
   b. False

ANSWER: False

43. As organizations increase in size, the net effect for direct workers is that they decline as a percentage of total employees.
   a. True
   b. False

ANSWER: True

44. As organizations become larger, a larger percentage of top administrators is necessary.
   a. True
   b. False

ANSWER: False

45. As organizations become larger, a smaller percentage of technical and professional support staff is recommended.
   a. True
   b. False

ANSWER: False

46. Weber’s prediction of the triumph of bureaucracy proved accurate.
   a. True
   b. False

ANSWER: True

47. The incident commander is ultimately responsible for all activities that occur, and everyone knows clearly who is in charge of what aspect of the situation.
   a. True
   b. False

ANSWER: True

48. The general finding concerning incident commanders is that branches have substantial autonomy and decentralized authority to make necessary decisions.
   a. True
   b. False

ANSWER: False

49. Increased training can substitute for bureaucratic rules and procedures.
   a. True
   b. False

ANSWER: True

50. Traditional authority refers to control coming from the exemplary character of an individual and the aura he or she creates.
    a. True
    b. False

ANSWER: False

51. Market control is most frequently used in the control of functional departments.
    a. True
    b. False

ANSWER: False

52. Clan control is generally used by companies that are small and informal or have a strong culture.
    a. True
    b. False

ANSWER: True

53. Organizational decline is often associated with changes in the organizational environmental in the sense that if an organizational domain experiences a reduction so too will the organization.
    a. True
    b. False

ANSWER: True

54. Organizations go through 10 stages of decline as they progress to dissolution.
    a. True
    b. False

ANSWER: False

55. In the faulty action stage of organizational decline, the organization still has not been able to deal with decline effectively and is facing a panic
    a. True
    b. False

ANSWER: False

56. Communicating more, providing assistance to displaced workers, and helping the survivors thrive are three ways for organizations to deal with downsizing.
    a. True
    b. False

ANSWER: True

57. Explain the relationship between organization size and at least three specific structural characteristics.

ANSWER: Larger organizations tend to be more hierarchical, mechanistic, and more complex than small organizations. As organizations grow, they need to develop design features that allow them to manage the increasing number of people and processes.

58. Describe the differences between large and small organizations.

ANSWER:

	Large	**Small**
Characteristics	Economies of scale Global reach Vertical hierarchy, mechanistic Complex Stable market Employee longevity	Responsive, flexible Regional reach Flat structure, organic Simple Niche finding Entrepreneurs

59. Is bigger organization size better? Whether you say yes or no, defend your answer. Then explain the countering or opposite position, trying to make it as convincing an argument as you can.

ANSWER: Bigger organizations are not necessarily better. They can, however, undertake some tasks that smaller ones cannot (e.g., the evacuation of Canadians from Lebanon). Some might argue that bigger is better because bigger organizations have advantages such as creating and benefiting from economies of scale.

60. The manager of an established small manufacturing plant said, “We can’t compete with large organizations, because they have the advantage of economies of scale.” Use arguments from the chapter to discuss his position, explaining any factors that might tend to counter it. How should he manage in order to take advantage of the firm’s small size?

ANSWER: While he is correct in noting one of the advantages of a large plant, it too has disadvantages. He needs to remember that *both* large and small organizations have advantages and disadvantages. He can use the advantages of being a small plant such as flexibility, ability to develop specialized niches, quick responsiveness to changing environmental conditions, etc.

61. Discuss the approaches to reducing bureaucracy.

ANSWER: There are several: (1) the creation of the big-small hybrid organization, (2) the use of temporary organizational structures, (3) reducing the number of levels in the organization by “delayering,” (4) the creation of professional partnerships, (5) the use of self-managing teams, etc.

62. An e-commerce organization is in its sixth month of online operations selling academic regalia for graduation. The founders had long had their own personal Web pages, and had stumbled upon an inexpensive source for the sewing of gowns. They invested all their savings and took out a loan in order to finance the inventory and equipment needed to go into business. By March of its first year of operations, an unexpectedly large number of orders reached the company. The founders devoted their full energies to getting product where it needed to be in time for graduation. At odd hours of day and night, they could be found doing anything from the job of the information systems specialist they had recently hired, to the job of the mail clerks. As this company grows and takes on related product lines, what would you expect to happen as they go through the stages of development?

ANSWER: The organization will go through the entrepreneurial stage, and will face its first crisis of leadership as it enters the collectivity stage. Then as the organization grows, it will face the need-for-delegation crisis.

63. Identify an organization in which you have worked. Analyze its management as related to the size of the

organization.

ANSWER: Answers will vary. However, the answers should be grounded in a discussion of the stages and crises at the different stages of an organization's life cycle.

64. Your rich uncle owns his own entrepreneurial business and is trying to decide how large it should become. He has asked you to tell him what the optimum size for a business is. Write your response to him.

ANSWER: There is no optimum size. It depends on where the organization is in its life cycle, i.e., the age of the business. You need to address other contingencies such as strategy, technology, and the competitive environment for your business.

65. Discuss each stage of the life cycle.

ANSWER: Exhibit8.3 on page 303 of the textbook contains the answer.

66. Describe the life cycle of a specific organization that has gone through at least three stages of the organizational life cycle. In your answer explain the crisis this organization is now facing, and how you would recommend that it overcome its crisis.

ANSWER: Answers will vary. For students with less work experience, this question may be less relevant. However, they may have played in a growing sports league or worked at a growing summer camp and could draw on those experiences to discuss the stages.

67. Government organizations often seem to be more bureaucratic than for profit organizations. Could this partly be the result of the type of control used in the organizations? Explain.

ANSWER: Yes, as such organizations will typically be based on Weber's design principles. However, for profit organizations may have become overbureaucratized over time.

68. Describe Weber's dimensions of bureaucracy and bases of organizational authority.

ANSWER: There are six dimensions: (1) separation of position from person, (2) employment of technically qualified people, (3) clear hierarchy of authority, (4) specialization and division of authority, (5) use of rules and procedures, and (6) written communications and records. Authority rests in the position and in the hierarchy.

69. Why would a large organization tend to be more formalized?

ANSWER: Larger organizations rely on—and need to rely on—rules, procedures, and paperwork to achieve standardization and control over a large number of departments and people.

70. How should personnel ratios be managed in a small firm?

ANSWER: Small organizations need to be careful not to create a high personnel ratio, so that they too can benefit from the administrative economies of scale that large organizations achieve.

71. Explain the patterns found in the study of personnel ratios for administrative, clerical, and professional support staff.

ANSWER: There are two key findings: (1) the ratio of top administrators to total employees is actually smaller in large organizations, but (2) the number of clerical and professional workers increases in proportion to the number of employees.

72. If Max Weber were living in Canada today, and observing the push away from bureaucracy, what do you

think he would say? Would he defend the use of bureaucracy today, or are there different environmental factors that would cause him to abandon bureaucracy?

ANSWER: Weber would probably argue that bureaucracies are still relevant today because there are advantages to the design. However, he would have to acknowledge that other, more flexible forms are necessary and need to coexist with bureaucracies, either as stand-alone organizations or as part of the small-large hybrid design.

73. Describe the incident command system.

ANSWER: It is a system that allows an organization to switch between a highly formalized structure that is effective in times of stability to one that is flexible and effective in unexpected and demanding environmental conditions.

74. Max Weber wrote during a time in world history when favouritism and payoffs were common techniques for personnel action. He was opposed to such methods. What did he recommend as the basis of control for organizational decisions and activities?

ANSWER: He recommended rules and standards, hierarchy, and legitimate authority vested in a position, not a person.

75. Compare and contrast the three types of organizational control strategies.

ANSWER: The answer is provided in Exhibit 8.6 on page 311 of the textbook.

76. Discuss the causes for organizational decline. List and define the stages of organizational decline.

ANSWER: There are five stages that an organization goes through: (1) the blinded stage, in which the organization may have to become more efficient, (2) the inaction stage, in which the organization engages in denial, (3) the faulty action stage, in which the organization faces clear evidence of failure, (4) the crisis stage, in which the organization faces panic, and (5) the dissolution stage, in which the organization dies.

77. Discuss how an organization can help smooth the downsizing process and ease tensions for employees who leave and employees who remain.

ANSWER: The organization needs to communicate often and honestly; it needs to provide re-employment assistance for displaced workers and emotional support for the workers who remain.

Name:__________ Class:__________ Date:__________

CHAPTER 9 - ORGANIZATIONAL CULTURE AND ETHICAL VALUES

1. Why is it that organizations do NOT typically come face-to-face with the power of culture until they try to implement new strategies or programs that go against basic cultural norms and values?
   a. Culture is usually written and when a change is attempted written cultural policies create obstacles to change.
   b. Culture provides members with a sense of self and members rely on this sense and are therefore resistant to change.
   c. Culture generates commitment to improving market share and a change that alters culture leads to reduced revenues.
   d. Culture generally goes unnoticed until a change is made and the power becomes noticeable.

ANSWER: d

2. What are the two levels where culture exists?
   a. sub- and super-structure
   b. people and structure
   c. underlying values and visible artifacts
   d. social and psychological

ANSWER: c

3. Which term means that members develop a collective identity and know how to work together effectively?
   a. external adaptation
   b. socialization
   c. internal integration
   d. cultural identity

ANSWER: c

4. Which of the following are manifestations of organizational culture?
   a. legends
   b. control systems
   c. structures
   d. management information systems

ANSWER: a

5. When students finish their studies at a college, they go through a graduation ceremony with the idea of soon finding a new social role. Which kind of rite is this an example of?
   a. rite of passage
   b. rite of enhancement
   c. rite of renewal
   d. rite of integration

ANSWER: a

6. Which of the following is an example of the rite of integration in organizational culture?
   a. an award given to the employee of the month

b. unpaid three-week orientation and training for prospective (new) employees
c. an office BBQ
d. organizational development activities

ANSWER: c

7. What are stories that are used to perpetuate culture in organizations based on?
a. anything that reeks of symbolism
b. nothing in fact, but on the ideals of the organization
c. true events
d. unsubstantiated rumours

ANSWER: c

8. What is Van Horne’s statement “If we can’t export the scenery, we’ll import the tourists!” an example of?
a. a story
b. a myth
c. a symbol
d. language

ANSWER: a

9. Which two dimensions are represented on the matrix that plots the relationship of environment and strategy to corporate culture?
a. (1) internal vs. external; (2) flexible vs. stable
b. (1) prospector vs. defender; (2) simple vs. complex
c. (1) flexible vs. stable; (2) internal vs. environmental
d. (1) open vs. closed; (2) strategic vs. operative

ANSWER: a

10. Which of the following best describes the culture of a company whose values promote individual initiative and entrepreneurship?
a. an adaptability culture
b. a mission culture
c. a clan culture
d. a bureaucratic culture

ANSWER: a

11. What kind of leader would thrive in a clan culture?
a. one who creates values for social responsibility
b. one who embodies values
c. one who integrates people into action and responsibility through participation
d. one who can change culture

ANSWER: c

CHAPTER 9 - ORGANIZATIONAL CULTURE AND ETHICAL VALUES

12. What does the mission culture put major emphasis on?
    a. the external environment through flexibility and change to meet customer needs
    b. a shared vision of organizational purpose
    c. the involvement and participation of the organization's members
    d. the internal environment and a consistency orientation for a stable environment

ANSWER: b

13. What kind of culture has an internal focus and a consistency orientation for a stable environment?
    a. organic
    b. clan
    c. traditional
    d. bureaucratic

ANSWER: d

14. Why are most organizations trying to move away from bureaucratic cultures?
    a. the need for greater flexibility
    b. the need for better decision-making techniques
    c. the need for easier communication channels
    d. the need for reducing employee participation

ANSWER: a

15. Which term refers to the degree of agreement among members of an organization about the importance of specific values?
    a. adaptability
    b. culture strength
    c. internal integration
    d. social responsibility

ANSWER: b

16. What develops in response to common problems, goals, and experiences shared by members of a team, department, or other unit?
    a. learning organizations
    b. ethical committees
    c. subcultures
    d. ethics hotlines

ANSWER: c

17. Which value best characterizes a learning organization?
    a. the whole being more important than the part, and boundaries between parts being minimized
    b. external strategic focus with continual thoughts of what others are doing that's right
    c. life-time employment for workers at every level (unless a work rule is violated)

d. an internal efficiency focus

ANSWER: a

18. What is at play when behaviour is governed by a set of moral principles and values?

a. the rule of law
b. ethics
c. a mission environment
d. a vision statement

ANSWER: b

19. Which of the following arises from a set of codified principles and regulations that describe how people are required to act, that are generally accepted in society, and that are enforceable in the courts?

a. code of ethics
b. rule of law
c. core values
d. managerial ethics

ANSWER: b

20. Every day, business people make choices about whether to be honest or deceitful with suppliers, treat employees with respect or disdain, and be a good or a harmful corporate citizen. What guides these decisions?

a. managerial ethics
b. whistle-blowing policies
c. codes of ethics
d. cultural norms

ANSWER: a

21. Which of the following arises in a situation concerning right and wrong when values differ?

a. culture problem
b. legal issue
c. social responsibility issue
d. ethical dilemma

ANSWER: d

22. What is the major force that shapes managerial ethics?

a. organizational culture
b. external shareholders
c. peers
d. legal systems

ANSWER: a

23. Which framework argues that decisions should be made to promote fairness and equity?

a. utilitarian theory

b. personal liberty
c. distributive justice
d. eternal law

ANSWER: c

24. Various representatives of which of the following influence managerial ethics and social responsibility?
a. external stakeholders
b. employees
c. competitors
d. whistle-blowers

ANSWER: a

25. Which term refers to a situation in which the relationship between a manager and followers is based on shared, strongly internalized beliefs that are advocated and acted upon by the manager?
a. mission culture
b. values-based leadership
c. clan culture
d. servant leadership

ANSWER: b

26. Which of the following is an example of formal structure and formal systems that can be used to shape ethical values?
a. patterning from senior management
b. repetition of words such as those ending Walmart's cheer: "Who's No. 1? The Customer!"
c. a whistle-blowing disclosure mechanism
d. values-based leadership

ANSWER: c

27. Why did Citigroup implement a statement of cultural and ethical values after being stung by a series of scandals?
a. A formal statement of the company's values relates to the unobservable but important organizational culture.
b. A formal statement of values can serve as a fundamental organizational document that defines what the organization stands for.
c. A formal statement addresses ethical values rather than specific behaviours.
d. A formal statement is often part of a larger mission statement and therefore is taken for granted.

ANSWER: b

28. What is an attribute of a culture of discipline?
a. level 5 leadership
b. organizational values of collective autonomy
c. focus on greater flexibility

d. laissez-faire management

ANSWER: a

29. Written rules and policies are an integral part of organizational culture.

a. True

b. False

ANSWER: False

30. Internal integration, as it relates to organizational culture, means that members develop a collective identity and know how to work together effectively.

a. True

b. False

ANSWER: True

31. External adaptation is the term for members developing a collective identity and knowing how to work together effectively.

a. True

b. False

ANSWER: False

32. In interpreting culture, one of the important observable aspects of the culture would be rites and ceremonies such as the rite of passage.

a. True

b. False

ANSWER: True

33. There are four types of rites: passage, enhancement, renewal, and integration.

a. True

b. False

ANSWER: True

34. Symbols are narratives based on true events that are frequently shared among organizational employees and told to new employees to inform them about an organization.

a. True

b. False

ANSWER: False

35. The adaptability culture encourages entrepreneurial values, norms, and beliefs that support the capacity of the organization to detect, interpret, and translate signals from the environment into new behavioural responses.

a. True

b. False

ANSWER: True

36. In a clan culture, the primary focus is on the involvement and participation of the organization's members

and on rapidly changing expectations from the external environment.

a. True

b. False

ANSWER: True

37. In a mission culture, managers shape behaviour by envisioning and communicating a desired future state for the organization.

a. True

b. False

ANSWER: True

38. In a bureaucratic culture, an important value is taking care of employees and making sure they have whatever they need to help them be satisfied as well as productive.

a. True

b. False

ANSWER: False

39. Most managers today are moving toward bureaucratic cultures because of a need for greater flexibility.

a. True

b. False

ANSWER: False

40. Several subcultures may exist within large organizations, each differing from each other and from the culture as a whole.

a. True

b. False

ANSWER: True

41. Culture strength refers to there being a low number of different subcultures within the culture as a whole.

a. True

b. False

ANSWER: False

42. A strong organizational culture is a primary characteristic of a learning organization.

a. True

b. False

ANSWER: True

43. The culture encouraging risk taking, change, and improvement is a value of a learning organization with a strong adaptive culture.

a. True

b. False

ANSWER: True

44. If the rule of law and ethical standards were drawn as a Venn diagram, the two circles would overlap completely.
    a. True
    b. False

ANSWER: False

45. All ethical standards are legal requirements.
    a. True
    b. False

ANSWER: False

46. All legal requirements are ethical standards.
    a. True
    b. False

ANSWER: False

47. Companies that put ethics on the back burner in favour of fast growth and short-term profits succeed in the long run.
    a. True
    b. False

ANSWER: False

48. The three sources of ethical values in organizations are worker ethics, managerial ethics, and social responsibility.
    a. True
    b. False

ANSWER: False

49. The personal liberty framework argues that decisions should be made to ensure the greatest possible freedom of choice and liberty for individuals.
    a. True
    b. False

ANSWER: True

50. The virtue matrix is a tool to give guidance to CEOs about socially responsible behaviour.
    a. True
    b. False

ANSWER: True

51. Values-based leadership is best instituted throughout the management hierarchy through an authoritative directive.
    a. True
    b. False

ANSWER: False

52. Whistle-blowing is a disclosure mechanism.
   a. True
   b. False

ANSWER: True

53. Learning ethical frameworks helps managers to act autonomously and still think their way through a difficult decision.
   a. True
   b. False

ANSWER: True

54. Some organizations have dress codes that limit individual freedom in the workplace. Do such rules inhibit the establishment of organizational culture?

ANSWER: No. Such restrictions create and reinforce a certain kind of culture—probably a rule-following, restrictive culture.

55. What are the important functions of organizational culture in an organization?

ANSWER: Culture has two critical functions, (1) to integrate members into the organization and (2) to help the organization adapt to its environment.

56. Explain the differences between the various types of rites—enhancement, renewal, passage, and integration.

ANSWER: The answer is provided in Exhibit 9.2 on page 334 of the textbook.

57. What kinds of leadership symbols are important in the creation of a positive organizational culture? Give specific examples.

ANSWER: To create a positive culture, egalitarian leadership symbols, such as common parking spots and a common cafeteria, would be important. The sorts of symbols to avoid would be the sorts of status difference symbols used by the senior management of Enron, for example!

58. The president of a college once said in a guest lecture to a management class on his campus, "The *only* important facet of leadership is symbolism." Although many people on his campus would disagree with his views on leadership because of mismanagement that occurred during his presidency, his claim about the importance of symbolism lives on. Explain his view.

ANSWER: Leaders do spend a good deal of time in symbolic activities. Such activities are vital in shaping an organization's culture, as they are socialization techniques that give meaning to employees. However, the president overstates the importance of symbolism; leaders also need to address other activities, such as organizational effectiveness.

59. What are the major differences between the adaptability culture and the mission culture? Which of these two would be more appropriate for a company in a high-tech industry and why?

ANSWER:

	Adaptability Culture	**Mission Culture**
Characteristics	Strategic focus on environment to meet customer needs	Emphasis on clear vision of purpose
	Entrepreneurial values encouraged	Focus on performance

	Change actively created	Use of measurable goals
	Risk taking rewarded	High level of competitiveness

The adaptability culture is better suited to the high-tech industry, as the needs and wants of consumers change frequently and quickly.

60. How do external stakeholders influence ethical decision making in an organization?

ANSWER: External stakeholders such as the government and advocacy groups can influence organizations by policy and by persuasion, respectively. Increasingly organizations must respond to demands for greener policies and for ethical sourcing. MEC is a good example of an organization that is proactive in addressing current green and social justice concerns.

61. Take a position on the following statement: "A bureaucratic culture is less employee-oriented than a clan culture." Defend your position.

ANSWER: A bureaucratic culture is characterized, in part, by less personal involvement, so it seems less employee-oriented than a clan culture. However, employees can benefit from the consistency, conformity, and collaboration of a bureaucratic culture.

62. Discuss culture strength and organizational subcultures.

ANSWER: Cultural strength refers to the degree of agreement among members of an organization. Organizational subcultures refer to cultures that develop to address common problems, interests, goals, and experiences in a team, department, etc.

63. Identify a specific organization that has a culture you know enough about to discuss. Then describe that organization's culture and its subcultures.

ANSWER: Answers will vary, but students need to be clear that organizational culture is seldom monolithic and be able to describe the various subcultures.

64. Explain how a strong organizational culture might be a negative for an organization.

ANSWER: A strong organizational culture can ossify an organization and be an impediment to change. As well, it can result in groupthink and similar behaviours.

65. Assume that you have just been promoted to a plant manager position in a city located 500 km away from your previous position. As you become acquainted with the workers, supervisors, and procedures of the plant, you come to the conclusion that the values and attitudes of the workers and supervisors are the source of the low morale in the plant, as well as the apathetic attitude toward production. Inspections have revealed a large number of defects in the finished product. Explain the kinds of things you might do to change the organizational culture to one more conducive to positive morale and higher production with better quality.

ANSWER: You could create an adaptive culture that values the whole, rests on trust, and encourages and rewards improvement. However, you would have to realize that cultural change is slow and you cannot expect significant performance improvements quickly.

66. List and describe the three values incorporated into a strong adaptive culture.

ANSWER: The three are the following: (1) the whole is more important than the parts; (2) equality and trust are core values; and (3) risk taking, change, and improvement are encouraged.

CHAPTER 9 - ORGANIZATIONAL CULTURE AND ETHICAL VALUES

67. What is Bakan's main argument about corporations? What is your view and why?

ANSWER: His principal argument is that corporations are pathological and are in pursuit of only profits even when they engage in socially responsible activities. Answers will vary, but many students will disagree vehemently with Bakan's position.

68. Give an example of an ethical dilemma that would perplex you as a manager if it were to occur in an organization where you work. What makes the situation you describe meet the definition of "ethical dilemma"?

ANSWER: Answers will vary, but the sorts of issues that typically emerge are scenarios of theft, harassment, pollution, and financial irregularities. They are ethical dilemmas because they require rigorous moral reasoning to address and to guide action.

69. How could a company that closes plants in areas that are economically depressed claim to be "socially responsible"? What ethical framework allows decision makers to close a plant in a depressed area when the company finds cheaper labour elsewhere?

ANSWER: It could not unless it was using a utilitarian approach. Even then, the claim is problematic!

70. Explain why ethical behaviour of companies is as much an issue of organizational culture as of personal ethics.

ANSWER: Organizational culture can significantly shape individual behaviour through its formal and informal norms of what is acceptable behaviour. Strong cultures can be a powerful force for conformity. However, individuals are also responsible for how much they follow the norms of an organization.

71. What is values-based leadership? Give an example.

ANSWER: Values-based leadership is a relationship between a leader and his or her followers based on shared, strongly internalized values advocated and acted on by the leader. The Kielburger brothers and their organizations, Leaders Today, Me to We, and Free the Children, are good examples.

72. Discuss how organizations manage and coordinate ethics activities.

ANSWER: Organizations are engaging in such activities by creating ethics committees, developing whistle-blower protection policies, creating a code of ethics, and implementing training programs. As well, some organizations are hiring leaders who have strong ethical principles.

73. Why should whistle-blowers be protected in an organization? In your opinion, where does protection of the whistle-blower fall in the relationship between legal requirements (or rule of law) and ethical standards?

ANSWER: Whistle-blowers need to be protected so that they will not be discouraged from disclosing their concerns. Answers will vary for the second question, but they should address the degree to which students believe the protection needs to be codified.

Name:________________________ Class:________________ Date:__________

CHAPTER 10 - INNOVATION AND CHANGE

1. What occurs mainly through the established structure and management processes of an organization?
   a. evolution of the organizational culture
   b. incremental change
   c. technology improvements
   d. radical change

ANSWER: b

2. Which of the following is best example of radical change?
   a. organizational turnarounds and transformations
   b. any series of continual progressive changes affecting one organizational part, and then another
   c. implementation of sales teams in the marketing department
   d. bringing new technology to product development

ANSWER: a

3. What type of change has an organization engaged in if it shifted its structure from a vertical to a horizontal structure?
   a. radical
   b. incremental
   c. Information technology
   d. strategy and structure

ANSWER: a

4. Why does radical change likely involve breakthrough technology?
   a. It occurs through an unestablished structure.
   b. Technology change represents a series of continuous progressions for maintaining the organization's general equilibrium.
   c. Radical change generally affects only one organizational part and technology tends to be task-specific.
   d. Radical change often involves the creation of new products that lead the organization into new opportunities and markets.

ANSWER: d

5. ABC Credit Union began offering a "Sweep Account" in which funds over $500 in a chequing account would be "swept" into a money-market, interest-bearing account until the chequing account reached $100, at which point funds from the money market account would be "swept" back into the chequing account. What type of change is this an example of?
   a. product or service
   b. radical
   c. incremental
   d. product improvement

ANSWER: a

CHAPTER 10 - INNOVATION AND CHANGE

6. What term is used for the adoption of an idea or behaviour new to the company's industry, market, or general environment?
   a. the ambidextrous approach
   b. the dual-core approach
   c. strategy and structure change
   d. organizational innovation

ANSWER: d

7. Which of the following is one of the four strategic types of change highlighted in your text?
   a. incremental
   b. products and services
   c. radical
   d. life cycle maturation

ANSWER: b

8. Which type of change will have direct impact on the administrative domain in an organization?
   a. technology
   b. product and service
   c. strategy and structure
   d. people

ANSWER: c

9. Which type of change refers to changes in the values, attitudes, expectations, beliefs, abilities, and s of employees?
   a. changing domain
   b. installation of teams
   c. cultural
   d. development of interorganizational relationships

ANSWER: c

10. Which of Tom Kelly's "faces" of innovation includes a hurdler, collaborator, and director?
   a. learning
   b. implementing
   c. building
   d. organizing

ANSWER: d

11. Which step of the change process involves coming up with a new way of doing things?
   a. need
   b. idea
   c. adoption

d. resources

ANSWER: b

12. In attempting to make a change in his organization, Jake was happy to have a large number of people who were energetic and positive toward the change. What essential element for successful change does this represent?

a. adoption
b. need
c. resources
d. competition

ANSWER: c

13. Once decision makers choose to go ahead with a proposed idea, which element is needed for a successful change to occur?

a. need recognition
b. adoption
c. implementation
d. resource acquisition

ANSWER: b

14. Which organizational type is flexible because of the freedom given to people to create and introduce new products?

a. mechanistic
b. bureaucratic
c. organic
d. resource

ANSWER: c

15. What is a characteristic of the ambidextrous approach?

a. using different structures and management processes for creation and for implementation
b. introducing parts of a new procedure while maintaining parts of the old procedure
c. design elements that are important for exploiting new ideas versus the design elements that are most suitable for exploring current capabilities
d. highly skilled employees are used to implement change

ANSWER: a

16. Which process is used when organizations find creative ways to establish organic conditions for developing new ideas in the midst of more mechanistic conditions for implementing and using those ideas?

a. culture change
b. dual-core approach
c. ambidextrous approach
d. switching structures

ANSWER: d

17. Which of the following provides a safe environment where ideas from employees throughout the organization can be developed without interference from company bureaucracy or politics?
   a. creative departments
   b. idea incubator
   c. change champions
   d. venture teams

ANSWER: b

18. Which statement best describes how venture teams differ from other divisions within an organization?
   a. They may increase commitment, but they stifle creativity.
   b. They are often given a separate location and facilities.
   c. They are like a large company within a small company.
   d. They are most effective when used in a mechanistic organization.

ANSWER: b

19. Why is corporate entrepreneurship important for organizations looking to encourage innovation?
   a. It attempts to release the creative energy of all employees.
   b. It usually results in fewer, though higher-quality, innovations.
   c. It replaces creative departments and new venture teams.
   d. It results in idea champions who are the supervisors of production.

ANSWER: a

20. Which term refers to a separate, small, informal, highly autonomous, and often secretive group that focuses on breakthrough ideas for the business?
   a. innovation generator
   b. idea incubator
   c. new-venture fund
   d. skunkworks

ANSWER: d

21. According to a survey mentioned in the textbook, what percentage of all new products achieve economic success?
   a. 3
   b. 12
   c. 30
   d. 60

ANSWER: b

22. What did the study called Project SAPPHO discover?
   a. Successful innovating companies made more effective use of technology developed in-house and did

more work in-house.

b. Successful innovating companies had a much better understanding of operations and paid less attention to marketing.

c. Employees in successful innovating companies had little say in the way production processes were developed or in decision making.

d. Companies that were the most successful innovators were those where top management support was from people who had greater authority.

ANSWER: d

23. According to Project SAPPHO, which approach is most likely to make new products more successful?

a. A company pays more attention to production than to marketing so quality can improve.

b. Outside technology is used.

c. Most work is done by subcontractors.

d. Those without much authority or seniority become product champions.

ANSWER: b

24. What are the key components of organizational design that contribute to successful new product innovation?

a. specialization, boundary spanning, and horizontal coordination

b. formalization, hierarchy, and organic structure

c. specialization, formalization, and standardization

d. dual-core processes, top management support, and incremental change

ANSWER: a

25. Which term refers to excellent linkages between each department involved with new products and with relevant sectors in the external environment?

a. specialization

b. boundary spanning

c. horizontal communication

d. coordination

ANSWER: b

26. What notion is the basis of a firm that structures itself in accordance with the concept of time-based competition?

a. Bureaucratic control of processes and resources will result in less wasted time thereby saving firms money.

b. An organic organizational structure fosters creativity which leads to innovative products.

c. Getting products to market faster than your competition will give your firm an advantage.

d. Boundary spanners hinder the flow of information and therefore slow down “time-to-market” cycles.

ANSWER: c

27. Which of the following suggests that many organizations must adopt frequent administrative changes and need to be structured differently from those that rely on frequent technical and product changes for competitive

advantages?

a. horizontal linkage model
b. switching structure
c. ambidextrous approach
d. dual-core approach

ANSWER: d

28. Which force for culture change relates to breaking down boundaries both within and between companies to create companies that are focused on knowledge sharing?

a. the learning organization
b. diversity
c. large group intervention
d. re-engineering and horizontal organizing

ANSWER: a

29. Organizational development often entails large group intervention. What is involved in this intervention?

a. radical or transformational change in organizations
b. electronic data interchange for the organization as a whole
c. teaching hourly and salaried workers how to participate in strategic planning
d. attempts to bring new emphasis to total quality management

ANSWER: a

30. Which term refers to the intervention technique used when an organizational development consultant brings together a group to discuss and solve problems involving conflicts, goals, decision making, or communication?

a. survey feedback
b. team building
c. culture management
d. technical training

ANSWER: b

31. Shelli realized that, due to factors in the operating environment she identified early, her organization needed to engage in a radical change. However, she realized that she would face a great deal of resistance to change because the organization was currently performing well and no one else in the organization recognized the new operating requirements the new environment would bring. What will be Shelli's first priority in overcoming resistance?

a. communication and training new behaviours
b. creating a sense of urgency that the change was needed
c. assembling change teams to implement the new procedures
d. focusing on the costs of the changes

ANSWER: b

32. As a change leader, Tommy has ensured that there has been constant communication with his employees to

make sure they know what is going on and understand how it affects their jobs. Which organizational barrier to change is he trying to remove?

a. uncertainty avoidance
b. fear of loss
c. risk that is too low
d. excessive focus on costs

ANSWER: a

33. Incremental change occurs through the established structure and management process, whereas radical change involves the creation of a new structure and new management processes.

a. True
b. False

ANSWER: True

34. Changing technology means to change the organization's production process rather than the product itself.

a. True
b. False

ANSWER: True

35. Structure and system changes are usually bottom-up, mandated by lower management, whereas product and technology changes may often come from the top down.

a. True
b. False

ANSWER: False

36. The four types of change are independent of each other, or in other words, a change in one has no effect on another.

a. True
b. False

ANSWER: False

37. Ideas are generally NOT seriously considered unless there is a perceived need for change.

a. True
b. False

ANSWER: True

38. The need element in the change process always precedes the idea element.

a. True
b. False

ANSWER: False

39. Ambidextrous organizations have processes that allow for employment of skilled workers on the one hand and unskilled workers on the other.

a. True

b. False

ANSWER: False

40. A switching structure is one that switches back and forth as needed between product and matrix in form.

a. True

b. False

ANSWER: False

41. The switching structure refers to production lines that alternate with ease from daytime production to 24-hour production.

a. True

b. False

ANSWER: False

42. Venture teams are large groups of employees dedicated to coming up with new ideas for improved organizational structure.

a. True

b. False

ANSWER: False

43. A new-venture fund provides financial resources for employees to develop new ideas, products, or businesses.

a. True

b. False

ANSWER: True

44. Idea champions are usually one of two types—either a technical/product champion who is devoted to ideas for technological innovation, or a management champion who sponsors ideas to shield and promote them.

a. True

b. False

ANSWER: True

45. Only 12 percent of all new products eventually earn economic success.

a. True

b. False

ANSWER: True

46. The horizontal coordination model is used primarily for innovations in the administrative core.

a. True

b. False

ANSWER: False

47. Horizontal linkages means that each department involved with new products has excellent linkage with relevant sectors in the external environment.

a. True

b. False

ANSWER: False

48. Many new product development teams today are global teams because organizations have to develop products that will meet diverse needs of consumers all over the world.

a. True

b. False

ANSWER: True

49. Administrative innovation can be extremely difficult in organizations that have an organic technical core.

a. True

b. False

ANSWER: True

50. In the dual-core approach, change is facilitated in the administrative core by a mechanistic structure and in the technical core by an organic structure.

a. True

b. False

ANSWER: True

51. Employee inputs may be sought, but top managers have the responsibility to direct the change.

a. True

b. False

ANSWER: True

52. Corporate downsizing is an example of top-down structure change.

a. True

b. False

ANSWER: True

53. Re-engineering refers to the redesign of products by engineering and marketing in order to meet new market swings.

a. True

b. False

ANSWER: False

54. Organization design uses knowledge and techniques from the behavioural sciences.

a. True

b. False

ANSWER: True

55. Some management experts argue that to survive the upheaval of the early 21st century, managers must turn their organizations into change leaders by using the present to actually create the future.

a. True

b. False

ANSWER: True

56. Leaders who have taken their organizations through major successful transformations often have one thing in common: they focus on formulating and articulating a compelling vision and strategy that will guide the change process.

a. True

b. False

ANSWER: True

57. One of the most common barriers to implementing a successful change involves ignoring the associated costs.

a. True

b. False

ANSWER: False

58. When trying to find an idea that fits the need for change, studies have found that due to the importance of the change and the need to incorporate tools from behavioural sciences, it is best for managers to develop ideas alone.

a. True

b. False

ANSWER: False

59. Due to the complexity involved with organizational change, ad hoc teams or task forces are good ways to focus energy on both idea creation and change implementation.

a. True

b. False

ANSWER: True

60. Explain why a change in technology, structures and systems, products and services, or people will affect the other elements. Provide an example of change in one of these elements and how it will affect the other elements.

ANSWER: The four elements are interdependent and are tightly coupled in organizations. For example, a new product design may require a change from mechanical to intelligent technologies, which in turn, will require employees to learn new skills and work in a team-based organizational design.

61. List and discuss each of the elements for successful change. Diagram the sequence of the elements.

ANSWER: There are five elements:ideas, needs, adoption, implementation, and resources. The relationship between them is provided in Exhibit 10.5 on page 377 of the textbook.

62. Give two examples of organizations that have switched structures to maintain an ambidextrous approach.

ANSWER: Two such companies are Tesco of the U.K. and the NUMMI plant of Toyota.

63. What is a venture team?

ANSWER: A venture team is a special team given free rein to develop creative products and services. It enjoys considerable autonomy and is like a stand-alone organization. IDEO uses the venture team model called skunkworks.

64. Describe the operations of venture teams or action teams. Why are they particularly important to large organizations? Give an example.

ANSWER: They work often at the bleeding edge of innovation. They are particularly important in large organizations because such organizations are typically bureaucratic and can stifle innovation. Such organizations need to find ways to innovate and the venture team model can be incorporated into their design. Apple used the venture team model in the development of the Macintosh.

65. At one point in the research of new product development, a question to be answered is “Why are some products more successful than others?” What answers have been found to this question?

ANSWER: It has been found that successfully innovating companies (1) had a better understanding of customer needs and attended to marketing, (2) made more effective use of outside technologies, and (3) had top management support for innovation.

66. Explain the horizontal coordination model as it relates to new product development.

ANSWER: The model involves three components—departmental specialization, boundary spanning, and horizontal coordination. Exhibit 10.7 on page 385 of the textbook amplifies the model.

67. A middle-level manager is interested in product innovation, and you know that he is under pressure to bring about this innovation in order to help the firm achieve competitive advantage. What recommendations would you give him?

ANSWER: Make sure to get support/sanction from above. Understand the market very well. Use outside technologies.

68. The manager of R&D for PlasticWare, a kitchen products company, said that only 10 percent of its new products ever make a profit. He said that the industry average is 15 percent, but one company in the industry has a success rate of 90 percent. What advice would you give PlasticWare concerning organizational structure?

ANSWER: It should develop a horizontal coordination model of organizational design.

69. Discuss what organizations can do to achieve competitive advantage.

ANSWER: They can compete on speed, uniqueness of their products, and/or services, and by globalization of their products and/or services.

70. Compare and contrast the dual-core approach and the ambidextrous approach.

ANSWER:

	Dual-Core	**Ambidextrous**
Approach	Comparison of administrative and technical change	Implementation of structures and processes appropriate for creation and implementation of change
Focus	Types of change	Design of change

71. What are the two cores in the dual-core approach? How does the implementation of change differ in those two cores?

ANSWER: The two cores are administrative and technical change. Change in the administrative core is less frequent and occurs in response to different environmental sectors. Technical core changes follow a different internal process. The technical-core change is concerned with the transformation of raw materials into products and services, and involves the environmental sectors of customers and technology.

72. Give an example of an administrative change, and explain how it should be implemented using principles of organizational theory.

ANSWER: Downsizing is an example of an administrative change. It should be effected using a top-down approach and is best accomplished through a mechanistic organizational design.

73. Discuss the forces for culture change.

ANSWER: The forces for cultural change include re-engineering and horizontal organizing, diversity, and the development of the learning organization.

74. What is organizational development? Discuss three techniques of organizational development.

ANSWER: Organizational development is a set of tools, practices, and processes used to effect cultural change. Three commonly used techniques are (1) large group intervention such as GE’s workout sessions, (2) team building, and (3) interdepartmental activities.

75. If you were attempting to lead employees through the three stages of commitment to change, explain how you would attempt to achieve successful implementation.

ANSWER: In the preparation stage, it is important to decrease fear and to build awareness; in the acceptance stage, it is important to enhance understanding while proceeding with the change; and in the commitment stage, it is important to solidify the change in the organization.

76. Discuss the stages of change-commitment process.

ANSWER: Exhibit 10.9 on page 398 of the textbook provides the answer.

77. A noted change agent once said. “Change management is not for the faint of heart.” Discuss.

ANSWER: Answers will vary, but it is important for students to appreciate the degree of resistance that change agents may encounter, the importance of learning from the resistance, and how long many types of change take. The students need to realize that change is often slow, with backward steps!

78. The president of a medium-sized restaurant chain that was changing its format to provide a more organic and healthier menu felt that sending weekly dispatches to all the restaurant managers showing which one was saving the most money would be beneficial. The change required her managers to engage in new behaviours such as sourcing supplies from more costly, local vendors, something the chain had never done. After six months, to the president’s surprise, no outlets had actually switched to local suppliers and many were still using the old national supplier. Discuss why the desired change was not implemented.

ANSWER: The president was defining a successful change as reduced cost rather than compliance with the actual desired outcomes. Further, she did not develop a change leader or act as one; instead, she demanded change without outlining the reasons and the benefits, and without providing help to the managers in finding local suppliers. The only certainty the managers had was that they would look bad in front of their peers and the president if they didn't reduce costs. They had no idea how to implement the change or what the risks/rewards of implementing the change were. They made a rational decision to keep using the cheaper supplier because they knew that by following the old behaviour they could keep costs down, which appeared to be the president's concern.

79. What are the barriers to change?

ANSWER: There are five: (1) excessive focus on costs, (2) failure to perceive the value/benefit of the proposed change, (3) lack of coordination and cooperation, (4) uncertainty avoidance, and (5) fear of loss.

80. The recently elected (volunteer) president of a local charity came into office on a whirlwind of campaign promises to revitalize the organization. But after a month into his term, cooperation from the volunteer staff evaporated, and they seemed to turn on him, resisting every change he attempted to implement. They knew him well because he had been VP for two years, but now they charged that every change he proposed would result in poor press for the charity. What steps should the president take to overcome barriers to change?

ANSWER: He should first consult with the volunteers to get their input. He should explain his vision and explain the urgency for his proposed changes. He should follow the change process model developed by ExperienceChange and illustrated in Exhibit 10.9 of the textbook.

CHAPTER 11 - DECISION-MAKING PROCESSES

1. What are “wicked problems” associated with?
   a. conflicts over objectives and alternatives
   b. the garbage can model
   c. intuitive decision making
   d. problem consensus

ANSWER: a

2. Which type of decision making would typically be used, to the extent possible, in an objective process of selecting a new employee?
   a. inspiration and imitation
   b. the Carnegie model
   c. the garbage can model
   d. the rational approach

ANSWER: d

3. Which step of the rational approach is Tanya Smith, CEO of Food Lion, engaging in when she reads *Modern Grocer*, visits other grocery stores to compare prices, and reviews daily sales figures?
   a. monitoring the decision environment
   b. defining the decision problem
   c. specifying decision objectives
   d. diagnosing the problem

ANSWER: a

4. What is the last step in the rational approach to decision making?
   a. defining the decision problem
   b. evaluating alternatives
   c. implementing the chosen alternative
   d. diagnosing the problem

ANSWER: c

5. Which step in the rational approach immediately follows developing alternative solutions?
   a. evaluating alternatives
   b. diagnosing the problem
   c. implementing an alternative to test its viability
   d. implementing the chosen alternative

ANSWER: a

6. In which stage are alternative courses of action considered and one is chosen and implemented?
   a. the first three steps of the rational approach, called problem recognition
   b. the last four steps of the rational approach, called problem solution
   c. the first three steps of the rational approach, called programmed decision

d. the last two steps of the rational approach, called bounded rationality

ANSWER: b

7. What are the first four steps of the rational approach to decision making specifically designed to help a manager do?

a. follow the scientific method
b. devise a problem solution
c. evaluate alternative solutions
d. identify the problem

ANSWER: d

8. Which statement is the best description of bounded rationality?

a. It is a rational decision-making framework for managers.
b. It is an eight-step decision-making process, including both problem identification and problem solution.
c. It is a way to quantify data enabling decision-makers to gain the time to weigh all alternatives correctly.
d. It is how decisions have to be made under severe time and resource constraints.

ANSWER: d

9. Which of the following is recognized as a constraint and tradeoff during nonprogrammed decision making?

a. personal constraints
b. environmental constraints
c. rationality constraints
d. operational constraints

ANSWER: a

10. What do managers employ when using intuitive decision making?

a. logic
b. judgment
c. explicit reasoning
d. a systematic approach

ANSWER: b

11. When do intuitive decision-making processes work best?

a. when managers can use networked computer databanks for analysis
b. when there are few alternatives available
c. when experience with similar decisions is extensive, and has been successful
d. when a manager must make the decision alone

ANSWER: c

12. In the Paramount Pictures example in the textbook, what style of decision making did Sherry Lansing use in

selecting films to make?

a. intuitive
b. high-velocity escalation
c. marketing research, comparable to the rational approach
d. scientific management

ANSWER: a

13. When is it best to use the management science model for decision making?

a. when problems are unanalyzable, and problem consensus is high
b. when problems are analyzable and measurable
c. when solution knowledge is low, and problem consensus is low
d. when solution knowledge is low, and problems can't be structured logically

ANSWER: b

14. When does management science work best for making decisions?

a. when problems are vague
b. when problems have unknown variables
c. when problems are analyzable
d. when problems are qualitative and cannot be quantified

ANSWER: c

15. A company uses a computerized system extensively in its production process from the design stage through the automatic ordering of raw materials through preparation for delivery. Which type of organizational decision making is being used?

a. garbage can model
b. incremental process
c. Carnegie model
d. management science approach

ANSWER: d

16. What does the Carnegie model of organizational decision making say about organizational decisions?

a. They involve few managers because of the simplicity with which decisions are made.
b. They use coalitions for the final choice.
c. They avoid the pitfalls of problemistic search.
d. They use coalitions only at lower levels of management.

ANSWER: b

17. A small university department included six faculty members. During faculty meetings when the department was faced with a difficult decision, a faculty member would suggest they take a break. During the break, four faculty members would adjourn to the coffee room and agree on the decision that would be made. What is this an example of?

a. bounded rationality

b. intuitive decision making
c. a coalition
d. crisis decision making

ANSWER: c

18. The management team of an organization accepts a satisfactory, rather than a maximum, level of performance when making decisions. What are they engaging in?
    a. satisficing
    b. problemistic search
    c. problem consensus
    d. escalating commitment

ANSWER: a

19. What does the incremental decision process model emphasize?
    a. political factors affecting the decision process
    b. social factors involved in forming coalitions
    c. the sequence of activities in the decision process
    d. intuitive processes followed to arrive at a decision

ANSWER: c

20. Which phase in the incremental decision process involves the shaping of a solution to an identified problem?
    a. development phase
    b. selection phase
    c. identification phase
    d. implementation phase

ANSWER: a

21. Which of the following research results forms the basis of the incremental model?
    a. A manager with a proposal can get her idea implemented by breaking it down into small steps and installing one step before going on to another.
    b. Many major organizational decisions occur through a series of smaller decisions made over a fairly long period of time.
    c. Programmed decisions involve several mathematical formulas that build on each other.
    d. Algorithms are useful for prediction.

ANSWER: b

22. What are characteristics of organized anarchies?
    a. rapid change, unclear technology, and nonbureaucratic environment
    b. unclear technology, turnover, and problematic preferences
    c. problematic preferences, nonbureaucratic environment, and turnover
    d. rapid change, turnover, and unclear technology

ANSWER: b

23. What does the garbage can model show?
    a. how poor inputs into decision making result in poor decisions
    b. how decisions can be made in mechanistic organizations
    c. four streams of events that influence decision making
    d. decision making in a stable environment

ANSWER: c

24. Which of the following is part of the garbage can model of decision making?
    a. There is a “choice opportunity” where the match up of problems and solutions result in decisions being made.
    b. Participants provide the stability needed to explain decision making, and remove its otherwise random quality.
    c. The company has an insufficient level of technology.
    d. Solutions and problems are tightly coupled.

ANSWER: a

25. Which statement is a part of the garbage can model of decision making?
    a. Solutions may be proposed even when problems do not exist.
    b. Choices are not made unless problems are solved.
    c. Many problems are solved.
    d. No problem is allowed to persist without being solved.

ANSWER: a

26. What term is used for the agreement among managers about the nature of a problem or opportunity and about which goals and outcomes to pursue?
    a. organizational decision making
    b. problemistic search
    c. contingency decision making
    d. problem consensus

ANSWER: d

27. According to the contingency framework for decision models, when should the Carnegie Model for organizational decision making be used?
    a. when there is high uncertainty in both problems and solutions
    b. when managers agree on goals and look for optimal solutions
    c. when decisions are nonprogrammable and can be made by an individual
    d. in every cell of the framework

ANSWER: a

28. A company is trying to make an important decision and the window of opportunity is short; it is a "bet-the-company" situation. It divides its senior managers into two groups, which have to argue one perspective against

the other. What decision-making technique is the company engaging in?

a. decision learning

b. point-counterpoint

c. organized anarchy

d. the garbage can model

ANSWER: b

29. Given the principles of escalating commitment, in which situation described below would you give the greatest funding to the same program in 2010?

a. After *you* funded the program in 2008, it turned out to be very profitable.

b. After *another manager* funded the program in 2008, it turned out to be very profitable.

c. After *you* funded the program in 2008, it turned out to be a “loser,” showing actual prospects of failing.

d. After *another manager* funded the program in 2008, it turned out to be a “loser,” showing actual prospects of failing.

ANSWER: c

30. Which of the following illustrates the phenomenon of “escalating commitment”?

a. an increase in the commitment to a decision only when it begins to prove itself as correct or profitable

b. continuing to invest time and money in a solution despite evidence of failure

c. the need for top management to accept decisions made by lower levels and commit to their implementation

d. incremental decision-making

ANSWER: b

31. What process would explain increasing the budget for an ongoing project on which managers received feedback that it was destined for failure?

a. the garbage can model

b. flexible decision style

c. escalating commitment

d. organized anarchy

ANSWER: c

32. Since programmed decisions are novel and poorly defined, and no procedure exists for solving them, a program must be devised using the garbage can method.

a. True

b. False

ANSWER: False

33. Nonprogrammed decisions are repetitive and well defined, and procedures exist for resolving the problem.

a. True

b. False

ANSWER: False

34. The point of the rational approach is that managers use systematic procedures to arrive at good decisions.
   a. True
   b. False

ANSWER: True

35. During the "specify decision objectives" step of the rational approach, the manager determines what performance outcomes should be achieved by a decision.
   a. True
   b. False

ANSWER: True

36. When decisions are nonprogrammed, ill defined, and piling on top of one another, there is no reason for the individual manager to even attempt to use the steps in the rational approach.
   a. True
   b. False

ANSWER: False

37. The bounded rationality approach is often associated with programmed decision processes.
   a. True
   b. False

ANSWER: False

38. In intuitive decision making, experience and judgment rather than sequential logic or explicit reasoning are used to make decisions.
   a. True
   b. False

ANSWER: True

39. Intuition should NOT be used in organizational decision making.
   a. True
   b. False

ANSWER: False

40. Management science is an excellent device for organizational decision making when problems are analyzable and when the variables can be identified and measured.
   a. True
   b. False

ANSWER: True

41. Management science, although cumbersome, cannot produce failures in decision making.
   a. True
   b. False

ANSWER: False

42. Management science sometimes produces decision failures, in part because quantitative data are not rich.
    a. True
    b. False

ANSWER: True

43. The Carnegie Model of organizational decision making was developed by Max Weber.
    a. True
    b. False

ANSWER: False

44. Problemistic search means that managers look around in the extended environment until they find the perfect solution to eventually resolve a problem.
    a. True
    b. False

ANSWER: False

45. The incremental model puts major emphasis on political and social factors that influence decision outcomes.
    a. True
    b. False

ANSWER: False

46. A decision interrupt occurs when an organization must cycle back through a previous decision and try something new.
    a. True
    b. False

ANSWER: True

47. The selection phase of the incremental model is very clear that managers must analyze and choose on the basis of objective criteria in order to avoid any future delay that would interrupt implementation.
    a. True
    b. False

ANSWER: False

48. The Carnegie Model and the incremental model disagree with each other on how decisions are made—the former claiming that they are made through a political process and the latter claiming that they emerge over time following careful objective analysis.
    a. True
    b. False

ANSWER: False

49. Organized anarchy is characterized by rapid change and a collegial, nonbureaucratic environment.
    a. True

b. False

ANSWER: True

50. In the garbage can model, potential solutions may be independent of problems, but they are ideas brought to organizational consciousness because participants are attracted to those ideas for some logical or illogical reason.

a. True

b. False

ANSWER: True

51. Problem consensus, and technical knowledge about the means to solve those problems, are two of the characteristics of organizations that determine which decision approaches are used.

a. True

b. False

ANSWER: True

52. Problem consensus refers to understanding and agreement about how to solve problems and reach organizational goals.

a. True

b. False

ANSWER: False

53. High-velocity environments call for decision makers to depend heavily on one or two savvy, trusted colleagues as counsellors, even though everyone is ultimately involved in the decision.

a. True

b. False

ANSWER: True

54. Successful decision makers in high-velocity environments keep their focus on long-term planning and forward-looking information.

a. True

b. False

ANSWER: False

55. Two explanations for managers escalating commitment to a failing decision are that (1) managers block or distort negative information when they are personally responsible for a negative decision and (2) consistency and persistence are valued in contemporary society.

a. True

b. False

ANSWER: True

56. List and describe the steps of the rational approach to decision making.

ANSWER: The answer is provided in its entirety on pages 413-414 of the textbook.

57. Explain what is meant by the bounded rationality perspective of decision making. Provide an example of

decision making in your own life in which you can observe the effects of bounded rationality.

ANSWER: The perspective acknowledges that managers frequently cannot go through the eight stage rational model of decision making. Time pressures, internal and external factors, and the ambiguous nature of the problems that managers have to solve prevent them from using the rational process.

Answers will vary, but it's important to help students understand that much of their decision making is nonrational. Some argue that the decision making is not only nonrational but that nonrational decision making is desirable.

58. Based on the fact that the management science approach uses quantitative data, which are not rich, discuss limitations of the approach for organizational decision making.

ANSWER: Management science works best when the problems are analyzable and the variables can be identified and measured. In other decision-making situations, the management science approach doesn't work as well.

59. What is a problemistic search? What is its role in decision making?

ANSWER: Problemistic search means that managers look in their immediate environment for a solution to resolve the problem quickly. As a result, managers will typically make satisfactory, rather than optimal, decisions.

60. Based on the fact that the Carnegie approach relies on rich face-to-face communication, discuss limitations of the approach for organizational decision making.

ANSWER: Discussion and bargaining are time-consuming and search procedures are usually simple and solutions are satisfactory. As well, managers will vary in their skill at negotiating, so developing a coalition around a decision may be problematic.

61. What is a decision interrupt? Give at least two examples from your own experience.

ANSWER: Decision interrupts are barriers in organizational decision making. An interrupt may mean that the organization has to cycle back though a previous decision.

Answers will vary, but it's important for students to highlight the nonlinear nature of their decision processes.

62. In the textbook, the Gillette Company was given as an example of using a certain decision-making approach in the design of razors such as the Sensor. Explain the decision-making approach that was used.

ANSWER: Gillette Company used the incremental process approach in its decision making. The identification phase occurred when the executives realized the need for a new kind of razor. Trial and error characterized the development phase. In the selection phase, certain approaches were found unacceptable and the razor was redesigned. Back again in the selection phase, the executives decided on the Mach3.

63. Discuss the consequences of the garbage can decision process for organizational decision making.

ANSWER: Decision making is not seen as a sequence of steps that begins with a problem and ends with a solution. Rather, problem identification and solution may not be connected with each other. An idea may be proposed as a solution when no problem exists. A problem may exist for which no solution is found.

CHAPTER 11 - DECISION-MAKING PROCESSES

64. Discuss the four cells of the contingency framework.
ANSWER: The answer is provided in Exhibit 11.8 on page 437 of the textbook.

65. If organized anarchy existed in the decision environment of a company in the high-tech industry, would your goal as a decision maker be to *remove* that organized anarchy, or to *work with it*? Explain.
ANSWER: You would work with it because the nature of the work in high tech is characterized by uncertain solution knowledge and uncertain problem consensus.

66. Assume you are involved in important decision making in a medium-size organization. Three decisions currently face your organization. One is a problem of integrating the inventory management system with your production system. A second involves the selection of another organization for an acquisition. The third is whether to continue a product line that has been losing market share. Your finance vice-president believes the product line should be dropped, while the marketing manager believes that more advertising aimed at a different market will revive sales of the product. Discuss which decision-making approach is likely to be most helpful in analyzing each of these situations.
ANSWER:

Number	**Decision**	**Approach**
1	Inventory	Management Science—quadrant 1
2	Acquisition	Learning—quadrant 4
3	Product Line	Carnegie Model—quadrant 2

67. A student organization is concerned because decision making seems to revolve around a strong clique that has formed. Insiders sometimes make those in the minority feel like losers after decisions are reached, and the organization is beginning to lose membership as a consequence. If the student leaders wanted to analyze their organizational decision making in order to improve their processes, which particular model would you recommend? Why? How should members go about studying the problem?
ANSWER: First they should use the contingency framework to decide which decision model would be most appropriate for their goals and why. Once they determine the appropriate degree of problem consensus and solution knowledge, they can select the best individual and organizational approach to decision making.

68. If problem consensus were not achieved relative to a decision that was being made, what would you recommend that managers do first to deal with their decision-making process? After problem consensus had been achieved, would you recommend a different approach?
ANSWER: In the first phase, you should recommend bargaining and then the incremental process decision-making model.

69. Why would managers in high-velocity environments worry more about the present than the future? Discuss.
ANSWER: They would worry more about the present than the future because the rate of change is extreme and/or discontinuous. Such an environment makes accurate prediction unlikely.

70. Discuss three special decisions circumstances that managers need to be concerned about today.
ANSWER: They are (1) high-velocity environments where the rate of change is extreme and/or discontinuous, (2) situations where making a good decision is very difficult, and (3) escalating commitment.

CHAPTER 11 - DECISION-MAKING PROCESSES

71. What special considerations should a manager take who finds him- or herself in a high-velocity environment?

ANSWER: He or she should (1) track information in real time; (2) build multiple alternatives during a major decision; (3) seek advice broadly but rely on one or two trusted advisers; (4) try for consensus but if it is not achieved, decide and move ahead; and (5) integrate the decisions.

72. Apply the principles of escalating commitment to the following situation to carry it forward in time, imagining what would happen next: You are a marketing manager at PrintCards, where you have for 10 years had the most successful software for creation of all types of cards in the home or office environment. However, PrintCards is finally faced with competition from a more powerful software package. The competition is new to the marketplace and came in at a price that is half the price of PrintCards. PrintCards quickly began to lose market share, but initially made no adaptation. New product could not be delivered for months into the future because of the timing of the product development cycle. You made a decision not to change the pricing structure of PrintCards because of your department's analysis that the old, higher pricing structure was fitting for a product with such high name recognition. Market share continued to decline.

ANSWER: You would continue with the current decision of not changing the pricing structure.

73. What would you think about a manager who openly acknowledged and discussed with co-workers and subordinates his .333 "batting average" on organizational decisions? Explain your view, tying in as much as you can from the textbook.

ANSWER: In light of the limits in individual and organizational decision making, a manager whose decisions are "right" one-third of the time may be an effective manager, especially if he can learn from his mistakes. (However, his decision to discuss it is problematic, as it could undermine his credibility when he may well be doing a good job!)

74. An organizational theorist said, "Decision making cannot be taught in a management class." In what ways do you agree with his statement? In what ways do you disagree?

ANSWER: Answers will vary, but it's key that students recognize the nonrational and heuristic basis of much of the decision making in organizations.

75. The company where you work is concerned because of its slow and cumbersome decision-making processes. Decisions seem to cycle around and around, frequently without coming to closure. If management wanted to analyze their decision making in order to improve their processes, which particular model would you recommend? Why? How would you go about studying the problem?

ANSWER: You should recommend either Mintzberg's incremental process model, because it acknowledges the role of interrupts in decision making, or the garbage can model, because it highlights the disconnect between problems and solutions. In either case, the decision-making processes, rather than the outcomes, should be examined with the object of strengthening the links between the stages of decision making.

Name:____ Class:________________________ Date:_____________

CHAPTER 12 - CONFLICT, POWER, AND POLITICS

1. Which term is defined as the behaviour that occurs among organizational groups when participants identify with one group and perceive that other groups may block their group's goal achievement or expectations?
   a. goal incompatibility
   b. intergroup conflict
   c. political conflict
   d. strategic contingencies

ANSWER: b

2. What is probably the greatest cause of intergroup conflict in organizations?
   a. goal incompatibility
   b. differentiation
   c. task interdependence
   d. limited resources

ANSWER: a

3. Which attribute, that often generates intergroup conflict, relates to organizational departments with different outcome expectations?
   a. differentiation
   b. task interdependence
   c. goal incompatibility
   d. personality

ANSWER: c

4. Putting together what you know about the sources of potential conflict and about interdependence, which attribute will create the greatest potential for conflict?
   a. pooled interdependence
   b. functional interdependence
   c. reciprocal interdependence
   d. technology interdependence

ANSWER: c

5. Applying what you know about sources of conflict, what do you predict will happen as task interdependence moves from pooled interdependence to reciprocal interdependence?
   a. Conflict would decrease and competition would increase.
   b. The potential for cooperation would increase.
   c. The potential for conflict would increase.
   d. Greater goal incompatibility would arise.

ANSWER: c

6. Which organization model can managers use when goals are in alignment, there is little differentiation, departments are characterized by pooled interdependence, and resources seem abundant?
   a. a political model

b. an open systems model
c. an authoritarian model
d. a rational model

ANSWER: d

7. Which term denotes the ability of one person/department to influence other persons/departments to carry out orders or do something they would not otherwise have done?

a. cooperation
b. authority
c. power
d. personal position

ANSWER: c

8. Which type of power do managers enjoy because of their right to promote subordinates?

a. legitimate
b. reward
c. coercive
d. referent

ANSWER: b

9. Where does legitimate power come from?

a. the positions in the organization
b. skill and knowledge
c. personal characteristics
d. resources controlled by managers

ANSWER: a

10. Why do people have authority in an organization?

a. because of the positions they hold
b. because of skill and knowledge they possess
c. because of personal characteristics
d. because of resources they control

ANSWER: a

11. Which statement best describes how formal authority compares to power?

a. Formal authority is narrower in scope.
b. Formal authority is the umbrella term that includes all power.
c. Formal authority is the same as power.
d. Formal authority is more dependent on personality.

ANSWER: a

12. Which statement best distinguishes power from authority?

a. Power is vested in people.
b. Power can be exercised upward, downward, and horizontally.
c. Power flows down the vertical hierarchy.
d. Power is narrower in scope than authority.

ANSWER: b

13. Which of the following is a vertical source of power?
a. control of limited resources
b. network centrality
c. formal authority
d. manipulation

ANSWER: b

14. What will happen if managers decide to control decision premises?
a. They will tell subordinates the expected decision in advance.
b. They will restrict the budget allocated to decision making.
c. They will force subordinates to spend more time on decision making.
d. They will place constraints on decisions made by lower-ranking persons.

ANSWER: d

15. What term is defined as being located in a part of the organization giving one access to information and people who are critical to the company's success?
a. decision premises
b. strategic contingencies
c. network centrality
d. power sources

ANSWER: c

16. Which statement best describes how network centrality relates to lower-level employees?
a. It is out of reach because they cannot have access to critical information.
b. It can be gained by becoming knowledgeable about certain activities or taking on difficult tasks and acquiring specialized knowledge.
c. It makes no difference, because they cannot increase power.
d. It takes on different meaning than it does for top managers; it means nothing more than being physically located next to those with power.

ANSWER: b

17. In order to provide better customer service, a manager has decided to empower her employees to make decisions regarding product returns, independently of her approval. There are, however, only certain situations where returns are allowable without hurting the firm's profits. What is the best strategy to ensure her employees make the right decisions regarding returns?
a. Keep all the information about what the firm needs to do to be successful tightly controlled.

b. Train each employee about the firm's health and safety procedures.
c. Allow the employees to make decisions without having to speak to her first.
d. Ensure that all returns are run by her first to make sure they are done appropriately.

ANSWER: c

18. Which of the following is difficult to measure because power differences are NOT defined on the organizational chart?
    a. a strategic contingency
    b. horizontal power
    c. dependency
    d. a decision premise

ANSWER: b

19. What does the term strategic contingencies refer to?
    a. events and activities essential for attaining organizational goals
    b. environmental factors that have an indirect influence on goal attainment
    c. alternative strategic plans to cope with possible environmental changes
    d. competitors that may damage corporate standing

ANSWER: a

20. Which statement best describes what is known about horizontal power?
    a. It is reflected on the organizational flow chart.
    b. The sales department invariably carries a higher power rating than other departments.
    c. Its relationships change as strategic contingencies change.
    d. The concept of vertical linkages explains relative power.

ANSWER: c

21. What is dependency power derived from?
    a. being dependent on others for something
    b. having something someone else wants
    c. becoming paternalistic in your management style
    d. immature subordinates

ANSWER: b

22. Which of the following is one measure of the extent to which the work of the department affects the final output of the organization?
    a. dependency
    b. financial resources
    c. nonsubstitutability
    d. centrality

ANSWER: d

23. Fred tends to have a lot of power in his organization. He thinks it is because everyone likes him, whereas everyone else thinks it is because he is the only person who can make changes to the organization's software. What is the real basis for Fred's power?

a. coping with uncertainty
b. financial resources
c. dependency
d. nonsubstitutability

ANSWER: d

24. What was uncovered by surveys of managers regarding what they think about political behaviour?

a. Managers believe political behaviour is not common in organizations.
b. Managers believe political behaviour arises when certain types of decisions need to be made, such as structural change, but is absent from other types, such as handling employee grievances.
c. Most managers have a positive view of politics, and believe that it will more often help than hurt an organization in achieving its goals.
d. Most managers think political behaviour occurs less often at upper rather than lower levels in organizations.

ANSWER: b

25. What is a mechanism for arriving at consensus when uncertainty is high and there is disagreement over goals or problem priorities?

a. power
b. authority
c. politics
d. decision premise

ANSWER: c

26. Which of the following is a domain of political activity?

a. management succession
b. expanded networks
c. resource dependence
d. complex change

ANSWER: a

27. What is a tactic to increase power?

a. reducing dependencies
b. satisfying strategic contingencies
c. creating integrating devices
d. increasing department size

ANSWER: b

28. What is a political tactic for using power?

a. expanding networks
b. scheduling intergroup consultation
c. creating integration devices
d. satisfy strategic contingencies

ANSWER: a

29. What is a tactic for enhancing collaboration?
a. create integration devices
b. avoid confrontation and negotiation
c. reduce nonessential departmental networks
d. maintain strong departmental membership

ANSWER: a

30. When is confrontation as a method of reducing conflict likely to be more effective?
a. when all other forms of collaboration have failed
b. when no mutually acceptable outcomes can be envisioned
c. when the conflict is viewed as a win–win situation and the groups avoid threats
d. after a process of negotiation

ANSWER: c

31. Which statement best describes collective bargaining?
a. It cannot be used to describe today's union-management relations, but does apply to general vertical conflict.
b. It is one type of negotiation used to resolve disagreements between workers and management through a union, and establishes fixed responsibilities for the next two to three years.
c. It is considered an integration device that results in contracts establishing flexible responsibilities for the next ten to fifteen years.
d. It is considered one of the more innovative cooperative approaches.

ANSWER: b

32. Which statement best describes the win–win strategy of negotiation?
a. It avoids confrontation.
b. It finds creative agreements that satisfy both groups.
c. It encourages each group to pursue its own outcomes.
d. It communicates a high commitment to your own position.

ANSWER: b

33. Harold Ballard used his coercive power to control the Toronto Maple Leafs.
a. True
b. False

ANSWER: True

CHAPTER 12 - CONFLICT, POWER, AND POLITICS

34. Intergroup conflict requires three ingredients: group identification, observable group differences, and commitment.
   a. True
   b. False

ANSWER: False

35. Goal incompatibility can be a kind of “built-in” conflict between departments—especially marketing and manufacturing—that are faithfully attempting to accomplish their own missions.
   a. True
   b. False

ANSWER: True

36. A lack of trust within the organization can magnify natural differences and increase the potential for conflict among departments and between top managers.
   a. True
   b. False

ANSWER: True

37. Intergroup conflict can occur horizontally across departments, vertically between different levels, and between divisions or business units within the organization.
   a. True
   b. False

ANSWER: True

38. Differentiation refers to the dependence of one unit on another for materials, resources, or information.
   a. True
   b. False

ANSWER: False

39. Limited resources refer to the dependence of one unit on another for materials, resources, or information.
   a. True
   b. False

ANSWER: False

40. Legitimate power is the authority to punish or recommend punishment, whereas expert power derives from a person’s greater skill or knowledge about the tasks being performed.
   a. True
   b. False

ANSWER: False

41. The following statement is a correct usage of the terms *power* and *authority*. “Some secretaries are likely to have a great deal of power in the organization even though they have little authority.”
   a. True
   b. False

ANSWER: True

42. Formal authority is exercised downward along the hierarchy and is the same as vertical power and legitimate power.
    a. True
    b. False

ANSWER: True

43. Network centrality means that managers have access to information and people who are critical to the company's success, and thereby increase their power base.
    a. True
    b. False

ANSWER: True

44. The allocation of power to middle managers and staff is dangerous because it hinders those employees from being productive.
    a. True
    b. False

ANSWER: False

45. People at the bottom levels of an organization can never obtain more power than those at higher levels of the organization.
    a. True
    b. False

ANSWER: False

46. Increasing employee power reduces motivation for task accomplishment because people limit their own effectiveness choosing how to do a task.
    a. True
    b. False

ANSWER: False

47. Horizontal power is NOT defined by the formal hierarchy or the organizational chart.
    a. True
    b. False

ANSWER: True

48. Strategic contingencies are succession plans that are made within the organization.
    a. True
    b. False

ANSWER: False

49. "She who has the gold makes the rules" refers to control of financial resources as a strategic contingency that influences horizontal power among departments.

a. True

b. False

ANSWER: True

50. Nonsubstitutability means that departmental power will be decreased with the loss of control over resources.

a. True

b. False

ANSWER: False

51. Departments can cope with critical uncertainties by prevention, absorption, and obtaining prior information.

a. True

b. False

ANSWER: True

52. One of the three primary domains of political activity is structural change.

a. True

b. False

ANSWER: True

53. Political activity is effective only when goals and needs are made explicit so the organization can respond.

a. True

b. False

ANSWER: True

54. The use of power should always be obvious in order to get tasks accomplished.

a. True

b. False

ANSWER: False

55. Two of the four tactics suggested in the textbook for increasing management's power are (1) answer every challenge and (2) get those who can help you indebted to you.

a. True

b. False

ANSWER: False

56. Cooptation is the act of bringing a dissenter into one's network.

a. True

b. False

ANSWER: True

57. When using politics to enhance power, it is best to do so explicitly to demonstrate strength and get what is needed overtly.

a. True

b. False

ANSWER: False

58. A win–win strategy means that both departments adopt a positive attitude and strive to resolve the conflict in a way that will benefit each other.
   a. True
   b. False

ANSWER: True

59. The advantage of intergroup consultation is that individuals become submerged in the values, attitudes, problems, and goals of the other department.
   a. True
   b. False

ANSWER: False

60. During your job interview for a position in purchasing with Ideal Corporation, the interviewer poses the following question for you to answer: If the two departments of marketing and manufacturing have been experiencing considerable conflict, what explanation could you offer?

ANSWER: The two departments are in conflict because their goals are incompatible, there is a high degree of differentiation between marketing and manufacturing, and there is probably a high degree of interdependence between them.

61. Why will the rational model not always work? Under what circumstances will it work?

ANSWER: The rational choice model would not work in a situation of goal incompatibility, limited resources, high task interdependence, and/or high differentiation in an organization. It will work in organizations characterized by a low level of conflict.

62. Describe the conditions under which a rational model of behaviour might work. How does the rational model compare to the political model?

ANSWER: The rational model would work under conditions of low conflict.

	Rational (Low Conflict)	**Political (High Conflict)**
Goals	Consistent across participants	Inconsistent and pluralistic
Power and Control	Centralized	Decentralized
Decision Process	Orderly	Disorderly
Rules and Norms	Efficiency	Conflict is expected and legitimate
Information	Extensive and accurate	Ambiguous and withheld strategically

63. In most organizations, are decisions more likely to be made using the rational or political model of organization? Explain and defend your position.

ANSWER: In most organizations, decisions are likely to be made politically because organizations are less rational in their processes than they might appear. As well, individuals have considerable limits on their ability to make rational decisions. However, the Amazon.com example suggests that both models are used but at different times in the decision process.

CHAPTER 12 - CONFLICT, POWER, AND POLITICS

64. The campus printing department was declared in university policy to be the only printer that the departments could use. They could not go off campus to have services provided, even though off-campus printers could do the work at about half the cost of the campus printer. Needless to say, the campus printing department became quite profitable, because it could bill the departments very high fees regardless of its costs. Analyze the power of the campus printing department, using principles from the textbook.

ANSWER: The campus printing department became powerful through fiat, its resources, its network centrality, and, most importantly, its nonsubstitutability. It was allowed to become a monopoly in the university.

65. Why is it that some employees may obtain power disproportionate to the level of their formal position?

ANSWER: They may have network centrality—their jobs are related to current areas of concern or opportunity. Employees can increase their centrality by becoming subject matter experts or by taking on difficult tasks—in short, by becoming indispensible!

66. Members of the marketing department have become aware that manufacturing is inflating its expense forms. If marketing decides to report manufacturing to the vice president, it will need to proceed with care. What recommendations would you give to marketing, on the basis of your reading of the chapter on power and politics?

ANSWER: Rather than simply telling on manufacturing, marketing should increase its horizontal power first. Then it will be in a stronger position to influence the vice president. When presenting the information to her, marketing should try to use rational processes of persuasion.

67. Explain what is meant by strategic contingencies that influence horizontal power among departments, and provide examples.

ANSWER: Strategic contingencies are events and activities, either internal or external, which are essential for goal attainment. Departments involved in an organization’s strategic contingencies have more power than those that are not. If an organization is facing a class action suit, for example, then the legal department will gain power. If it needs to become more innovative, then the R&D department will gain power.

68. Today, e-commerce departments have growing power in many organizations. Explain why, on the basis of the strategic contingencies and power sources that apply to horizontal sources of power.

ANSWER: As more organizations are adding a clicks component or becoming virtual, e-commerce departments are undertaking the tasks necessary for success. As a result, their power increases, because they are addressing the organization’s key strategic contingencies.

69. What are the similarities and differences between power and politics in organizations?

ANSWER: Power is the available force or potential for achieving desired outcomes. Politics is the use of power to influence decisions to achieve those outcomes.

70. Do you agree with the manager who made the following statement? “As a proponent of cooperative relationships within the organization, I believe that there is no place for the application of power and politics. They are dirty processes that set conflict in motion.” Explain your position.

ANSWER: Answers will vary, but students should draw on the survey data in the textbook and be clear about the definition of power as a force for achieving desired outcomes.

71. Describe when political activity is used.

ANSWER: Political activity is used when managers are dealing with nonprogrammed decisions such as structural change, management succession, and resource allocations.

72. From reading the chapter on power and politics, what political tactics for increasing power (if any) did you glean that you would be willing to use?

ANSWER: Answers will vary but the key point that the students need to address is whether they are willing to use political tactics.

73. When faced with uncertainty, some departments end up losing power, and others end up gaining power. What makes the difference? What are the actions and techniques of those departments that end up gaining power?

ANSWER: Those departments that cope with critical uncertainties increase their power. Such departments often use trial-and-error process in trying to solve uncertain tasks, and the process provides experience and expertise that cannot be easily duplicated by other departments.

74. Working in the offices of the provincial legislature was an aspiring young man who provided clerical research services for legislators on a wide range of issues. He always provided easy-to-read summary sheets on current issues at the top of their in-baskets, and always tried to attend every social event so that they would know him personally. When he realized that water safety was a key issue in the province, he became an expert on water safety. Finally it got to the point that whenever legislation came up that dealt with water safety, he provided information that was exclusive because they did not look elsewhere for detail. Analyze this young man's use of power, using principles from the textbook.

ANSWER: He is adroitly implementing some of the tactics for increasing and using power. He is providing scarce resources such as good information; he is creating dependencies by becoming a content expert; he is expanding his network by attending social events; and he is enhancing his legitimacy by being visible and competent.

75. Contrast three tactics for enhancing collaboration with three tactics for increasing power.

ANSWER:

Increase Power	**Enhance Collaboration**
Create dependencies	Create integration devices such as teams
Provide scarce resources	Use confrontation and negotiation
Satisfy strategic contingencies	Use intergroup consultations

The tactics for increasing power are essentially ways to create asymmetric dependence while the tactics for enhancing collaboration are essentially ways to create mutual symmetric interdependence.

76. What political tactics are recommended for using power?

ANSWER: There are five: (1) build coalitions and expand networks, (2) assign loyalists to key positions, (3) control decision premises, (4) enhance legitimacy and expertise, and (5) make a direct appeal.

77. Put labour-management teams on a continuum ranging from cooperative to competitive; defend your position. Then put labour-management teams on a continuum ranging from win–win strategy to win–lose strategy; defend your position.

ANSWER: Labour-management teams are cooperative because they are designed to increase worker participation and to solve union-management issues. Such teams are likely to use win–win strategies, because they are trying to work together rather than at the expense of the other.

CHAPTER 12 - CONFLICT, POWER, AND POLITICS

78. Assume that you are called to mediate a conflict between the players and the management of the National Hockey League. The players wanted different salary caps and were turned down. Now they are about to go out on strike and neither side is talking to the other. What might you do to try to resolve this conflict so that the season is not lost as it was in 2004–05.

ANSWER: You would try to use a win–win approach. You would define the conflict as a mutual problem, pursue joint outcomes, find creative agreements, be open in negotiations, avoid threats, and communicate the flexibility of the positions.

79. Describe the steps of a win–win strategy and a win–lose strategy.

ANSWER: The answer is provided in Exhibit 12.7 on page 480 of the textbook.