MGT503 SOLVED MCQS MORE THAN 2000

By

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MULTIPLE-CHOICE QUESTIONS

For each of the following choose the answer that *most completely* answers the question.

INTRODUCTION

31. Which of the following statements regarding managers in today's world is accurate?
    a. Their age range is limited to between 30 and 65.
    b. The are found only in large corporations.
    c. They can be found exclusively in for profit organizations.
    d. The single most important variable in employee productivity and loyalty is the quality of the relationship between employees and their direct supervisors.
    (d; easy; p. 4)

32. According to data collected by Catalyst, a nonprofit research group, _____ percent of corporate officers in *Fortune 500* companies are women.
    a. 55.3
    b. 15.7
    c. 39.7
    d. 21.9
    (b; moderate; p. 4)

WHO ARE MANAGERS?

33. Someone who works with and through other people by coordinating their work activities in order to accomplish organizational goals is _____.
    a. a very intelligent individual
    b. a supervisor of production work
    c. a manager
    d. an operations supervisor
    (c; easy; p. 5)

34. Managers who are responsible for making organization-wide decisions and establishing the plans and goals that affect the entire organization are _____.
    a. first-line managers
    b. top managers
    c. production managers
    d. research managers
    (b; easy; p. 5)

35. All levels of management between the supervisory level and the top level of the organization are termed _____.
    a. middle managers
    b. first-line managers

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c. supervisors
d. foremen
(a; easy; p. 6)

36. *Executive vice president, president, managing director, chief operating officer, chief executive officer*, or *chairman of the board* are positions associated with which of the following levels of management? http://vustudents.ning.com
a. team leaders
b. middle managers
c. first-line managers
d. top managers
(d; easy; p. 6)

37. *Agency head* or *plant manager* is most likely associated with which of the following?
a. team leaders
b. middle managers
c. first-line managers
d. top managers
(b; moderate; p. 6)

38. The lowest level of management is _____.
a. a nonmanagerial employee
b. a department of research manager
c. a vice president
d. a first-line manager
(d; easy; p. 5)

39 Supervisor is another name for whom?
a. team leaders
b. middle managers
c. first-line managers
d. top managers
(c; moderate; p. 6)

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40. Managers with titles such as *department head, project leader, plant manager*, or *division manager* are _____.
a. first-line managers
b. top managers
c. production managers
d. middle managers
(d; moderate; p. 6)

41. All levels of management between the supervisory level and the top level of the organization are termed _____.
a. middle managers
b. first-line managers
c. supervisors
d. foremen
(a; easy; p. 6)

42. *Division manager* is associated with which of the following levels of management?

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a. team leaders
b. middle managers
c. first-line managers
d. top managers
(b; moderate; p. 6)

WHAT IS MANAGEMENT?

43. _____ is the process of getting activities completed efficiently and effectively with and through other people.
a. Leading
b. Management
c. Supervision
d. Controlling
(b; easy; p. 7)

44. The distinction between a managerial position and a nonmanagerial position is _____.
a. planning the work of others
b. coordinating the work of others
c. controlling the work of others
d. organizing the work of others
(b; moderate; p. 7)

45. _____ distinguishes a managerial position from a nonmanagerial one.
a. Manipulating others
b. Concern for the law
c. Increasing efficiency
d. Coordinating and integrating others' work
(d; moderate; p. 7)

46. An automobile manufacturer that increased the total number of cars produced at the same cost, but with many defects, would be _____.
a. efficient and effective
b. increasing efficiency
c. increasing effectiveness
d. concerned with inputs
(b; difficult; p. 8)

47. Effectiveness is synonymous with _____.
a. cost minimization
b. resource control
c. goal attainment
d. efficiency
(c; difficult; p. 8)

48. Efficiency refers to _____.
a. the relationship between inputs and outputs
b. the additive relationship between costs and benefits
c. the exponential nature of costs and outputs
d. increasing outputs regardless of cost
(a; moderate; p. 7)

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49. The management process functions consist of _____.
    a. planning, organizing, staffing, and directing
    b. planning, organizing, leading, and directing
    c. planning, organizing, leading, and staffing
    d. planning, organizing, leading, and controlling
    (d; moderate; p. 9)

50. In successful organizations, _____.
    a. low efficiency and high effectiveness go hand in hand
    b. high efficiency and low effectiveness go hand in hand
    c. high efficiency and high effectiveness go hand in hand
    d. high efficiency and high equity go hand in hand
    (c; moderate; p. 8)

51. Whereas _____ is concerned with the means of getting things done, _____ is concerned with the ends, or attainment of organizational goals.
    a. effectiveness; efficiency
    b. efficiency; effectiveness
    c. effectiveness; goal attainment
    d. goal attainment; efficiency
    (b; difficult; p. 8)

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WHAT DO MANAGERS DO? MANAGEMENT FUNCTIONS

52. The five management functions of planning, organizing, commanding, coordinating, and controlling was proposed by _____.
    a. Frederick W. Taylor
    b. Henry Ford
    c. Chester Barnard
    d. Henri Fayol
    (d; difficult; p. 9)

53. _____ was a French industrialist who identified the basic management functions.
    a. Weber
    b. Taylor
    c. Herzberg
    d. Fayol
    (d; moderate; p. 9)

54. Writing an organizational strategic plan is an example of the _____ management function.
    a. leading
    b. coordinating
    c. planning
    d. organizing
    (c; difficult; p. 9)

55. Organizing includes _____.

a. defining organizational goals
b. hiring organizational members
c. motivating organizational members
d. determining who does what tasks
(d; difficult; p. 9)

56. A manager resolving conflict among organizational members is performing what function?
a. controlling
b. commanding
c. directing
d. leading
(d; moderate; p. 9)

57. The process of monitoring, comparing, and correcting is called _____.
a. controlling
b. coordinating
c. leading
d. organizing
(a; moderate; p. 9)

MANAGEMENT ROLES

58. Mentoring is primarily associated with the management function of _____.
a. planning
b. organizing
c. leading
d. controlling
(c; difficult; p. 13)

59. _____ developed a categorization scheme for defining what managers do, consisting of 10 different but highly interrelated roles.
a. Henri Fayol
b. Henry Ford
c. Henry Mintzberg
d. Henry Morris
(c; moderate; p. 10)

60. According to Mintzberg's management roles, the _____ roles are those that involve people and other duties that are ceremonial and symbolic in nature.
a. informational
b. interpersonal
c. technical
d. decisional
(b; easy; p. 10)

61. The roles of disseminator, figurehead, negotiator, liaison, and spokesperson are more important at the _____ levels of the organization.
a. lower
b. middle
c. higher
d. supervisory
(c; moderate; p. 11)

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62. Which of the following is *not* an example of a decisional role according to Mintzberg?
    a. spokesperson
    b. entrepreneur
    c. disturbance handler
    d. resource allocator
    (a; moderate; p. 11)

63. A human resource manager attending a local Society for Human Resource Management meeting would be functioning in which role?
    a. informational
    b. leader
    c. liaison
    d. disseminator
    (c; moderate; p. 11)

64. A finance manager who reads the *Wall Street Journal* on a regular basis would be performing which role?
    a. figurehead
    b. monitor
    c. disseminator
    d. interpersonal
    (b; moderate; p. 11)

65. The _____ role is more important for lower-level managers than it is for either middle- or top-level managers.
    a. leader
    b. entrepreneur
    c. spokesperson
    d. disseminator
    (a; difficult; p. 11)

66. Many of Mintzberg's roles align with the basic functions of management. For example, the _____ role is a part of planning.
    a. figurehead
    b. leader
    c. liaison
    d. resource allocation
    (d; moderate; p. 11)

67. The emphasis that managers give to various roles seems to be based on their _____.
    a. organizational level
    b. tenure with the organization
    c. experience in their field
    d. personality
    (a; easy; p. 11)

68. Which of the following is *not* an example of an interpersonal role according to Mintzberg?
    a. figurehead
    b. leader
    c. liaison
    d. spokesperson

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(d; difficult; p.11)

69. According to Mintzberg's management roles, the _____ roles involve receiving, collecting, and disseminating information.
    a. interpersonal
    b. informational
    c. technical
    d. decisional
    (b; difficult; p. 11)

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70. All of the following are examples of informational roles according to Mintzberg except _____.
    a. liaison
    b. monitor
    c. disseminator
    d. spokesperson
    (a; difficult; p. 11)

71. Which of the following is not an example of a decisional role according to Mintzberg?
    a. spokesperson
    b. entrepreneur
    c. disturbance handler
    d. resource allocator
    (a; moderate; p. 11)

72. Many of Mintzberg's roles align with the basic functions of management. For example, all three interpersonal roles are part of the _____ function.
    a. organizing
    b. planning
    c. leading
    d. controlling
    (c; moderate; p. 11)

73. According to the textbook, all of the following are managerial roles that are more important at the higher levels of the organization except _____.
    a. leader
    b. disseminator
    c. figurehead
    d. negotiator
    (a; difficult; p. 11)

MANAGEMENT SKILLS

74. The three essential managerial skills put forth by Katz include _____.
    a. technical, human, and empirical
    b. human, empirical, and conceptual
    c. technical, interpersonal, and controlling
    d. technical, human, and conceptual
    (d; moderate; p. 12)

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75. Understanding building codes would be considered a _____ skill for a building contractor.
    a. human
    b. technical
    c. conceptual
    d. empirical
    (b; easy; p. 12)

76. Which of the following is true concerning technical and managerial skills?
    a. Human skills and technical skills remain equally important as managers move to higher levels.
    b. Technical-skill needs remain necessary and human skills decrease as managers move to higher levels.
    c. Human skills remain necessary and technical-skill needs decrease as managers move to higher levels.
    d. Both human-skill and technical-skill needs decrease as managers move to higher levels.
    (c; difficult; p. 12)

77. Managers with good _____ are able to get the best out of their people.
    a. human skills
    b. conceptual skills
    c. technical skills
    d. visual skills
    (a; easy; p. 12)

78. Technical skills include _____.
    a. knowledge of and efficiency in a certain specialized field
    b. knowledge of and proficiency in a certain specialized field
    c. knowledge of and interest in a general field of endeavor
    d. skill in and proficiency in a certain specialized field
    (b; difficult; p. 12)

79. The ability to work well with other people, both individually and in a group, use _____.
    a. technical skills
    b. behavioral skills
    c. planning skills
    d. human skills
    (d; moderate; p. 12)

80. Which of the following types of skills are described with terms such as *abstract situations* and *visualization*?
    a. interpersonal
    b. human
    c. technical
    d. conceptual
    (d; moderate; p. 12)

81. Which one of the following phrases is best associated with managerial conceptual skills?

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a. decision making
b. communicating with customers
c. using information to solve business problems
d. product knowledge
(c; moderate; 13)

82. Which of the following skills are more important at lower levels of management, as these managers are dealing directly with employees doing the organization's work?
a. human
b. technical
c. conceptual
d. empirical
(b; easy; p. 12)

WHAT IS AN ORGANIZATION?

83. An organization is _____.
a. the physical location where people work
b. a collection of individuals working for the same company
c. a deliberate arrangement of people to accomplish some specific purpose
d. a group of individuals focused on profit-making for their shareholders
(c; moderate; p. 16)

84. One of the common characteristics of all organizations is _____ , which is typically expressed in terms of its goals.
a. its people
b. its goals
c. its systematic structure
d. its purpose
(d; moderate; p. 16)

85. One of the common characteristics of all organization is _____, which clarifies members' work relationships.
a. its people
b. its goals
c. its deliberate structure
d. its purpose
(c; moderate; p. 16)

86. A deliberate arrangement of people to accomplish some specific purpose is
a. a structure.
b. a process.
c. an organization.
d. an assembly operation.
(c; difficult; p. 16)

87. A difference between traditional organizations and new organizations is that the new organizations will be more
a. stable.
b. command oriented.
c. rule oriented.
d. dynamic.
(d; moderate; p. 17)

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THE UNIVERSALITY OF MANAGEMENT

88. Universality of management means that _____
    a. all managers in all organizations perform the four management functions
    b. all managers in all organizations can perform their job the same way
    c. all organizations can hire any manager to perform the management jobs
    d. any manager can work in any organization and perform any management job
    (a; difficult; p. 18)

89. We have a vested interest in improving the way organizations are managed because _____.
    a. we want the organization to be functioning when our education is completed
    b. we interact with organizations every single day of our lives
    c. if organizations don't improve we won't have a place to work in the future
    d. organizations supply inputs to other organizations
    (b; difficult; p. 18)

90. Organizations that are well managed _____.
    a. choose the best suppliers for their products
    b. compete on an international basis because they have the best products
    c. always have the lowest-cost products
    d. develop a loyal customer base, grow, and prosper
    (d; moderate; p. 18)

REWARDS AND CHALLENGES OF BEING A MANAGER

91. Being a manager in today's dynamic workplace _____.
    a. provides numerous rewards and rapid advancement
    b. can be a tough and thankless job
    c. offers few challenges, short workweeks, and high pay
    d. provides clear work rules, permanent jobs, and flexible work hours
    (b; moderate; p. 20)

92. A manager's success is typically _____.
    a. dependent on how hard the manager works
    b. how closely the manager supervises the employees
    c. based on how skilled the manager is at the technical elements of the job
    d. dependent on others' work performance
    (d; easy; p. 19)

93. The most important work of an organization is creating a work environment _____.
    a. that is safe and well-lit for the employees to be able to see
    b. that is a clean and a friendly place to work
    c. in which organizational members can do their work to the best of their ability and the organization can achieve its goals
    d. that their suppliers like to provide inputs for and their customers like to purchase the outputs
    (c; moderate; p. 19)

94. Managers often _____.
    a. go by the rules established by the organization and are not allowed to make their own decision
    b. change their career path during their work life
    c. have an opportunity to think creatively and use their imagination

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d. have to depend on their employees for guidance in dealing with a superior
(c; difficult; p. 19)

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WHY STUDY MANAGEMENT?

95. Which of the following best describes the concept that management is needed in all types and sizes of organizations, at all organizational levels, in all organizational work areas, and in all organizations, no matter the country in which they're located?
a. the partiality of management
b. the segmentation of management
c. the universality of management
d. the cultures of management
(c; moderate; p. 18)

MANAGING YOUR CAREER

96. According to the boxed profile, "Managing Your Career," the U.S. Bureau of Labor Statistics estimates _____ growth in all executive, administrative, and managerial jobs through the year 2008.
a. 1 to 9 percent
b. 10 to 20 percent
c. 25 to 35 percent
d. 45 to 65 percent
(b; difficult; p. 18)

97. According to the boxed profile, "Managing Your Career," in which of the following fields is it expected that growth in executive, administrative, and managerial jobs will occur?
a. manufacturing
b. large organizations
c. health care services
d. law enforcement
(c; moderate; p. 18)

98. All of the following are mentioned in the boxed profile, "Managing Your Career," as areas in which the demand for managers will be high except _____.
a. small-sized organizations
b. traditional manufacturing
c. medium-sized organizations
d. health care services
(b; moderate; p. 18)

SCENARIOS AND QUESTIONS

For each of the following choose the answer that *most completely* answers the question.

WHO ARE MANAGERS?

Managerial Basic Training (Scenario)

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Imagine thatyour marketing company has just merged with a manufacturing organization. You have been asked to help provide some "basic" managerial training to the engineers in the research and development unit of the new sister company. Your boss has asked to see an overview of materials that you will be providing the engineers to make sure you are covering the necessary issues.
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99. Now that both companies are merged and are a systematic arrangement of people set to accomplish a specific purpose, they could be described as a(n) _____.
    a. business unit
    b. multinational company
    c. organization
    d. holding company
    (c; easy; p. 16)

100. One of the first things the engineers need to learn is that _____ are the people who direct the activities of others in an organization.
    a. directors
    b. managers
    c. subordinates
    d. line workers
    (b; moderate; p. 5)

101. Another fact about managing that engineers need to learn is that supervisors may frequently be referred to as a _____.
    a. middle manager
    b. top manager
    c. project leader
    d. first-line manager
    (d; moderate; p. 6)

102. Finally, the engineers need to learn that department head, project leader, and plant manager are all potential titles for _____.
    a. division managers
    b. deans
    c. agency heads
    d. middle managers
    (d; moderate; p. 6)

WHAT IS MANAGEMENT?

The Perfect Manager (Scenario)

Brenda Kelly has proven herself to be an able manager. Her section has a high project completion rate with the highest-quality product and the lowest defects in her division. In addition, she accomplishes this with fewer full-time people than other managers. Some say that the secret of her success is in her ability to delegate responsibility and her understanding of the basic "management functions."

103. Brenda's ability to get activities completed efficiently and effectively with and through other people is known as _____.
    a. management
    b. supervision
    c. coercion
    d. delegation
    (a; moderate; p. 8)

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104. Brenda's ability to get the same amount of product completed with fewer people is a reflection of her _____.
   a. effectiveness
   b. process skills
   c. leadership
   d. efficiency
   (d; moderate; p. 7)

105. Getting her projects completed is an indication of Brenda's _____ as a manager.
   a. leadership
   b. effectiveness
   c. efficiency
   d. attention to detail
   (b; moderate; p. 8)

106. If Brenda accomplished her project on time with high-quality results, but she took more time than other managers to complete this, you could say that as a manager she was _____.
   a. efficient, but not effective.
   b. a leader, but not a top manager.
   c. project oriented, but not effective.
   d. effective, but not efficient.
   (d; moderate; p. 8)

107. The "management functions" exemplified by Brenda include all but which of the following?
   a. planning
   b. controlling
   c. organizing
   d. delegating
   (d; moderate; p. 9)

WHAT DO MANAGERS DO?

The Busy Day (Scenario)

Don Eskew, plant manager at Control Systems, Inc., sighed as he sipped his first cup of coffee at 5 A.M. and read his agenda for the day. He is giving two company tours in the morning; the first to a newspaper reporter who is writing a story on the new plant expansion and has several questions, and the second to a group of Control Systems, Inc., managers from the east coast. He then has a meeting with the unit manager, Phil Johnson, to discuss Phil's recent drop in performance (a task he always hates). Next, he is spending a couple of hours reviewing the trade journals he receives from his high-tech association and writing up a brief synopsis for his presentation next week to the division president. Finally, in the late afternoon, he will be reviewing the new equipment malfunction and deciding whether to bring in extra people to get the equipment running as soon as possible. Whew! Just another day in the glamorous life of a manager.

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108. Together, all of the functions that Don performs during his busy day correspond to the management roles discovered in the late 1960s by which one of the following management scientists?
a. Herzberg
b. Skinner
c. Mintzberg
d. Fayol
(c; easy; p. 10)

109. When Don was conducting the tour for the east coast managers, he was operating in which of the management roles?
a. leader
b. liaison
c. monitor
d. figurehead
(d; difficult; p. 11)

110. When Don was meeting with Phil to discuss his performance concerns, he was operating in which management role?
a. leader
b. figurehead
c. monitor
d. disturbance handler
(a; difficult; p. 11)

111. What role was Don performing when he gave the plant tour to the newspaper reporter?
a. monitor
b. figurehead
c. disseminator
d. spokesperson
(d; difficult; p. 11)

112. When Don was reviewing the new equipment malfunction, what management role was he playing when deciding whether to bring in extra people?
a. monitor
b. disseminator
c. resource allocator
d. disturbance handler
(c; moderate; p. 11)

WHO ARE MANAGERS?

The Customer Meeting (Scenario)

Kelly, a production supervisor, is responsible for 10 employees who assemble components into a finished product that is sold to distributors. Kelly reports to Ben, a production manager, who in turn reports to Dan, a general manager, who reports to McKenna, a vice president of operations. Recently, McKenna asked Dan to have a meeting with Kelly and Ben regarding some recent customer concerns in the production area. The focus of the meeting was to judge the validity of the customer concerns, and to develop a specific plan to address these concerns.

113. What is the commonality between Kelly, Ben, Dan, and McKenna?

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a. they all produce the same product.
b. they all have the same job content.
c. they all are managers.
d. they all have the same vision.
(c; moderate; p. 5)

114. Kelly is considered to be what level of management?
a. top manager
b. superintendent of assembly
c. middle manager
d. first-line manager
(d; easy; p. 5)

115. Ben and Dan are considered to be what level of management?
a. top manager
b. middle manager
c. superintendent of assembly
d. first-line manager
(b; moderate; p. 6)

116. McKenna is considered to be what level of management?
a. top manager
b. superintendent of assembly
c. middle manager
d. first-line manager
(a; moderate; p. 6)

117. The meeting the McKenna asked Dan to have with Ben and Kelly reflects the growing recognition that _____.
a. customer concerns are important only to first-line managers
b. customer responsiveness is important throughout the organization, not only in the marketing department
c. focusing on the customer is the sole responsibility of the marketing department
d. employee attitudes and behaviors do not significantly impact customer responsiveness
(b; easy; p. 15)

MANAGEMENT FUNCTIONS HTTP://VUSTUDENTS.NING.COM

Joe the Manager (Scenario)

As a production supervisor, Joe decides on Friday afternoon how many units of output his employees will be able to produce and on which days certain products will be run in his department. He also decides which of his employees are going to be responsible for operating which machines within the department next week, as his employees are multi-skilled assemblers. On Monday, he informs his employees whom he has assigned to which machines by handing out assignment sheets and informs the employees that the schedule is going to be difficult due to the increased number of units. He goes on to tell them that he is sure they can fulfill the schedule because they are such good and skilled employees. Each day during the week he checks the amount of output that the employees have completed and the number of units that have been scraped.

118. When Joe decides which of his employees are going to be responsible for operating which machines, he is performing which of the management functions?
a. controlling

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b. leading
c. planning
d. organizing
(d; moderate; p. 9)

119. When Joe decides how many units of output his employees will be able to produce and on which days certain products will be run, he is performing which of the management functions?
a. controlling
b. leading
c. planning
d. organizing
(c; moderate; p. 9)

120. When Joe checks the amount of output that the employees have completed and the number of units that have been scraped, he is performing which of the management functions?
a. controlling
b. leading
c. planning
d. organizing
(a; moderate; p. 9)

121. When Joe tells the employees that he is sure they can fulfill the schedule because they are such good and skilled employees, he is performing which of the management functions?
a. controlling
b. leading
c. planning
d. organizing
(b; moderate; p. 9)

122. When Joe performs all of his management functions in a continuous manner, he is performing which of the following?
a. scheduling process
b. quality control process
c. management process
d. manufacturing process
(c; moderate; p. 9)

MANAGEMENT ROLES HTTP://VUSTUDENTS.NING.COM

The General Manager (Scenario)

Michael, Joe's general manager, in a routine day might meet with city officials or civic leaders about environmental issues due to the plant's presence in the community. After these meetings, he will then meet with the functional managers to discuss and share with them the concerns and results of the meeting with city officials or civic leaders. Other times, he will meet with Betty, the production manager, and the human resource manager, Joyce, to discuss a complaint filed by one of the employees in a production department. He may also spend time on the Internet looking for new technologies that can be used in the production processes of his plant.

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123. When Michael meets with city officials or civic leaders about environmental issues, he is performing which management role?
    a. leader
    b. resource allocator
    c. entrepreneur
    d. monitor
    (d; difficult; p. 11)

124. When Michael meets with just Betty and Joyce to discuss a complaint filed by one of the employees in a production department, he is performing which management role?
    a. resource allocator
    b. disturbance handler
    c. liaison
    d. figurehead
    (b; moderate; p. 11)

125. When Michael meets with the functional managers to discuss and share with them the concerns and results of the meeting with city officials or civic leaders, he is performing which management role?
    a. disseminator
    b. liaison
    c. disturbance handler
    d. negotiator
    (a; moderate; p. 11)

126. When Michael spends time on the Internet looking for new technologies that can be used in the production processes of his plant, he is performing which management role?
    a. leader
    b. entrepreneur
    c. spokesperson
    d. disturbance handler
    (b; difficult; p. 11)

127. Michael's search for new technologies that can be used in the production processes of his plant is an indication of which managerial trend?
    a. Innovation is only important for higher-level managers.
    b. Only managers in production related positions need to be on the look-out for innovation.
    c. Organizational managers at all levels and in all areas need to be on the look-out for innovations.
    d. Innovation is only important for middle-level managers.
    (c; moderate; p. 15)

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MULTIPLE-CHOICE QUESTIONS

For each of the following choose the answer that *most completely* answers the question.

HISTORICAL BACKGROUND OF MANAGEMENT

30. Which of the following is <u>not</u> a reason Smith claimed enhanced productivity from division of labor?
    a. increasing worker skill and dexterity
    b. saving time lost in changing tasks

c. creating labor-saving inventions
d. strict management control over worker time and motion
(d; moderate; p. 26)

31. An example of early uses of the functions of management is the _____.
a. development of gunpowder
b. arsenal of Venice where ships were built
c. Artist's Revolution in 1803
d. War of 1812
(b; moderate; p. 26)

32. In *Wealth of Nations,* Adam Smith described the breakdown of jobs into narrow and repetitive tasks and called this _____.
a. assembly lines
b. lowest common factor of work
c. division of labor
d. greatest common factor of work
(c; challenging; p. 26)

33. The major contribution of the Industrial Revolution was the substitution of _____ for human power.
a. electricity
b. water power
c. machine power
d. critical thinking
(c; challenging; p. 27)

34. General administrative theorists devoted their efforts to _____.
a. making the overall organization more effective
b. developing mathematical models to improve management
c. improving the productivity and efficiency of workers
d. emphasizing the study of human behavior in organizations
(a; moderate; p. 29)

35. Which of the following is not one of the four management approaches that grew out of the first half of this century?
a. scientific management
b. general administrative
c. organizational behavior
d. systems approach
(d; easy; p. 27)

SCIENTIFIC MANAGEMENT

36. Frederick Taylor performed most of his work in _____.
a. grape vineyards in California
b. steel companies in Pennsylvania
c. auto assembly plants near Detroit
d. cotton gins in Alabama
(b; easy; p. 28)

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37. Frank and Lillian Gilbreth's work began in the area of _____.
a. laying bricks
b. cutting lumber
c. installing rudimentary electrical wiring
d. assembly lines
(a; easy; p. 29)

38. Frank and Lillian Gilbreth were the first researchers to utilize motion pictures to the study of _____.
a. reactions of workers in group settings
b. hand-and-body motions
c. workers reactions to pay increases
d. groups of workers in tense situations where they are assigning each other tasks
(b; moderate; p. 29)

39. Which of the following phrases is most associated with scientific management?

a. management relations
b. one best way
c. supply and demand
d. quality control
(b; moderate; p. 28)

40. The primary issue that aroused Taylor to create a more scientific approach to management was _____.
a. worker efficiency
b. worker effectiveness
c. worker absenteeism and turnover
d. workplace safety
(a; moderate; p. 28)

41. According to the textbook, probably the best-known example of Taylor's scientific management was the _____ experiment.
a. horseshoe
b. pig iron
c. blue collar
d. fish tank
(b; moderate; p. 28)

42. Based on his scientific management principles, Taylor suggested which of the following pay principles?
a. monthly salary
b. monthly salary with bonus
c. seniority pay
d. incentive pay
(d; difficult; p. 28)

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43. A “therblig” concerns what scientific management workplace issue?
    a. optimum temperature for workplace efficiency
    b. basic hand motions
    c. optimum speed for basic motions
    d. weight/movement ratios
    (b; moderate; p. 29)

GENERAL ADMINISTRATIVE THEORISTS

44. General administrative theory focuses on _____.
    a. the entire organization
    b. managers and administrators
    c. the measurement of organizational design relationships
    d. primarily the accounting function
    (a; easy; p. 29)

45. One could say that Fayol was interested in studying _____ management issues, whereas Taylor was interested in studying _____ management issues.
    a. micro; macro
    b. macro; micro
    c. micro; micro.
    d. macro; macro
    (b; difficult; p. 30)

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46. Which of the following is not one of Fayol’s principles of management?
    a. division of work
    b. unity of command
    c. discipline
    d. equality
    (d; difficult; p. 30)

47. The 14 principles of management are associated with whom?
    a. Weber
    b. Drucker
    c. Taylor
    d. Fayol
    (d; moderate; p. 30)

48. According to Weber’s ideal bureaucracy, _____ is when people are selected for jobs based on technical qualifications.
    a. career orientation
    b. authority hierarchy
    c. impersonality
    d. formal selection
    (d; moderate; p. 30)

49. Bureaucracy defined as a form of organization characterized by _____.
    a. division of labor
    b. clearly defined hierarchy
    c. detailed rules and regulations
    d. all of the above

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(d; moderate; p. 30)

QUANTITATIVE APPROACH TO MANAGEMENT

50. Which of the following approaches to management has also been labeled *operations research* or *management science*?
    a. the qualitative approach
    b. the quantitative approach
    c. the experimental approach
    d. the theoretical approach
    (b; easy; p. 31)

51. The quantitative approach evolved from the development of mathematical and statistical solutions to _____.
    a. waiting line problems at fast-food restaurants in the 1960s
    b. military problems in World War II
    c. clogged telephone circuits during the 1930s
    d. production management problems in the 1950s
    (b; challenging; p. 31)

52. The quantitative approach involves applications of _____.
    a. statistics
    b. optimization models
    c. information models
    d. computer simulations
    e. all of the above
    (e; moderate; p. 32)

53. Quantitative techniques have become less intimidating with the advent of _____.
    a. training of these techniques in college
    b. computers
    c. sophisticated computer software
    d. managers with better mathematical skills
    e. quality control
    (c; difficult; p. 32)

54. _____ is a technique that managers use to improve resource allocation decisions.
    a. Linear programming
    b. Work scheduling
    c. Economic order quantity modeling
    d. Regression analysis
    (a; moderate; p. 32)

55. Decisions on determining a company's optimum inventory levels have been significantly influenced by _____.
    a. linear programming
    b. work scheduling
    c. economic order quantity modeling
    d. regression analysis
    (c; moderate; p. 32)

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56. Which of the following would not be associated with the quantitative approach to management?
    a. information models
    b. critical-path scheduling
    c. systematic motivation of individuals
    d. linear programming
    (c; moderate; p. 32)

TOWARD UNDERSTANDING ORGANIZATIONAL BEHAVIOR

57. Concern for employee motivation is most closely associated with which management approach?
    a. bureaucracy
    b. organizational behavior
    c. scientific management
    d. systems
    (b; moderate; p. 32) http://vustudents.ning.com

58. According to the textbook, which of the following early advocates of organizational behavior was concerned about deplorable working conditions?
    a. Robert Owens
    b. Hugo Munsterberg
    c. Mary Parker Follett
    d. Chester Barnard
    (a; difficult; p. 33)

59. Which of the following early advocates of organizational behavior created the field of industrial psychology, the scientific study of people at work?
    a. Robert Owens
    b. Hugo Munsterberg
    c. Mary Parker Follett
    d. Chester Barnard
    (b; difficult; p. 33)

60. According to the textbook, _____ was one of the first to recognize that organizations could be viewed from the perspective of individual and group behavior.
    a. Robert Owens
    b. Hugo Munsterberg
    c. Mary Parker Follett
    d. Chester Barnard
    (c; difficult; p. 33)

61. Which of the following early advocates of organizational behavior was the first to argue that organizations were open systems?

    a. Robert Owens
    b. Hugo Munsterberg
    c. Mary Parker Follett
    d. Chester Barnard

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(d; difficult; p. 33)

62. Which four theorists are associated with the early organizational behavior approach?
    a. Barnard, Follett, Munsterberg, and Owen
    b. Munsterberg, Taylor, Fayol, and Follett
    c. Taylor, Fayol, Weber, and Barnard
    d. Follett, Barnard, Munsterberg, and Weber
    (a; moderate; p. 33)

63. Which of the following was a major contribution of Hugo Munsterberg?
    a. He was a social reformer.
    b. He created the field of industrial psychology.
    c. He was interested in individual and group behavior.
    d. He viewed organizations as social systems requiring human cooperation.
    (b; difficult; p. 33)

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64. Munsterberg's work in industrial psychology is easily connected with what other management approach?
    a. general administrative
    b. classical management
    c. systems
    d. scientific management
    (d; difficult; p. 33)

65. Contemporary management practices that emphasize work groups as a means to increasing productivity can be traced to which of the following authors?
    a. Robert Owen
    b. Mary Parker Follett
    c. Chester Barnard
    d. Hugo Munsterberg
    (b; moderate; p. 33)

66. Which of the following is true concerning the management beliefs of Barnard?
    a. Employee ability and motivation remain fixed within a single employee, but vary across different employees.
    b. To improve productivity, management should concentrate on selecting the best employee rather than motivating current employees.
    c. Productivity is best achieved by insulating the organization from external constituencies.
    d. Organizations are social systems that require human cooperation.
    (d; difficult; p. 33)

67. Without question, the most important contribution to the developing field of organizational behavior came out of the _____.
    a. Taylor studies
    b. Porter studies
    c. Parker studies
    d. Hawthorne studies
    (d; moderate; p. 33)

68. The Hawthorne studies were initially devised to study _____.

a. productivity levels of groups versus individuals
b. the effect of noise on employee productivity
c. the effect of illumination levels on employee productivity
d. the effect of cooperative versus competitive organizational environments on productivity

(c; moderate; p. 33)

69. What scientist is most closely associated with the Hawthorne studies?
a. Adams
b. Mayo
c. Lawler
d. Barnard

(b; easy; p. 34)

70. One outcome of the Hawthorne studies could be described by which of the following statements?
a. Social norms or group standards are the key determinants of individual work behavior.
b. Money is more important than the group on individual productivity.
c. Behavior and employee sentiments are inversely related.
d. Security is relatively unimportant.

(a; moderate; p. 34)

CURRENT TRENDS AND ISSUES

71. According to the textbook, the fastest growth in the U.S. workforce will be among _____.
a. African-American workers
b. Asian workers
c. Turkish workers
d. German workers
e. Australian workers

(b; moderate; p. 37)

72. Workforce diversity refers to differences in employees such as _____.
a. gender
b. race
c. age
d. all of the above

(d; moderate; p. 39)

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73. Workforce diversity will be realized in the next decade most importantly by _____ of the population in the United States.

a. increase in teenagers
b. aging
c. divorce rate
d. birthrate

(b; moderate; p. 39)

74. TQM differs from earlier management theories because TQM costs can be lowered while _____.
a. decreasing costs
b. increasing productivity
c. allowing reworked production to be handled by special teams assigned to this task
d. employees are laid off
(b; challenging; p. 45)

75. A learning organization develops the capability to _____.
a. add new training programs even when competitors are going bankrupt
b. accept conventional wisdom of the industry
c. continuously learn, adapt, and change
d. work in teams
(c; moderate; p. 41)

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76. _____ is the process of developing businesses to pursue trends and changes that no one else has seen before.

a. Entrepreneurship
b. Division of labor
c. Evolution
d. E-commerce
(a; easy; p. 40)

77. Knowledge management involves encouraging the members of the organization to _____.
a. improve the educational level of the average employee
b. develop new training programs to help new employees learn their jobs
c. develop a corporate university like Hamburger University at McDonald's
d. systematically gather information and share it with others
(d; moderate; p. 42)

78. The sales and marketing component of e-business is _____.
a. intranet
b. evolution
c. e-commerce
d. extranet
(c; easy; p. 41)

79. _____ and _____ were two of the pioneers in the area of total quality management.
a. Fayol; Weber
b. Taylor; Gilbreth
c. Owen; Munsterberg
d. Deming; Juran
(d; moderate; p. 43)

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80. Which of the following is not one of the three important themes that stand out in the definition of entrepreneurship?
a. the pursuit of opportunities
b. the theme of innovation
c. the potential of failure
d. the theme of growth
(c; moderate; p. 40)

81. _____ is a comprehensive term describing the way an organization does its work by using electronic (Internet-based) linkages with its key constituencies in order to efficiently and effectively achieve its goals.
a. Electronic commerce
b. Electronic business
c. Virtual business
d. Technologically impaired
(b; easy; p. 40)

82. In which of the following categories of e-business involvement does an organization use the Internet to perform its traditional business functions better, but not to sell anything?
a. e-business enhanced organization
b. e-business enabled organization
c. total e-business organization
d. theoretical e-business organization
(b; moderate; p. 41)

83. According to the textbook, Levi Strauss & Co. is categorized as which of the following e-business involvements?
a. e-business enhanced
b. e-business enabled
c. total e-business
d. theoretical e-business
(b; moderate; p. 41)

84. An internal organizational communication system that uses Internet technology and is accessible only by organizational employees to communicate with its global workforce is called a(n) _____.
a. extranet
b. local area network
c. intranet
d. hypernet
(c; moderate; p. 41)

85. An organization whose entire existence is made possible by and revolves around the Internet is categorized as which of the following e-business involvements?
a. e-business enhanced
b. e-business enabled
c. total e-business
d. theoretical e-business
(c; moderate; p. 41)

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86. This second theme of entrepreneurship involves changing, revolutionizing, transforming, or introducing new products or services or new ways of doing business.
a. organizational structure
b. innovation
c. organizational systems
d. technology
(b; moderate; p. 40)

87. According to the text, all of the following are mentioned as organizations that have recognized the importance of knowledge management to being a learning organization except _____.
a. Hewlett-Packard
b. Toyota
c. General Electric
d. Boeing
(d; difficult; p. 42)

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88. _____ is the generic term used to describe the quality revolution that swept through both the business and public sectors during the 1980s and 1990s.
a. Ethno quality management
b. Total quality management
c. Hyper quality management
d. Partial quality management
(b; moderate; p. 43)

89. All of the following are characteristics of total quality management except _____.
a. intense focus on the competition
b. concern for continual improvement
c. improvement in the quality of everything the organization does
d. accurate measurement
d. empowerment of employees
(a; moderate; p. 43)

90. A _____ organization is one that has developed the capacity to continuously learn, adapt, and change.
a. virtual
b. learning
c. traditional
d. bureaucratic
(b; moderate; p. 41)

91. _____ involves cultivating a learning culture where organizational members systematically gather knowledge and share it with others in the organization so as to achieve better performance.
a. Systems management
b. Software management
c. Technical management
d. Knowledge management
(d; moderate; p. 42)

92. All of the following are characteristics of a learning organization except _____.
a. "if it was invented or reinvented here, reject it."
b. "if you aren't changing, it won't be working for long."
c. "ability to learn; knowledge and expertise."
d. "control others."
(d; difficult; p. 42)

93. _____ and _____ were the most famous drivers of TQM.
a. Deming; Juran
b. Juran; Bailey
c. Bailey; Geerdhart
e. Taylor; Deming
(a; moderate; p. 43)

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94. _____ is a philosophy of management driven by continual improvement and responding to
customer needs and expectations.
a. Workplace religion
b. Workplace spirituality
c. Quality management
d. Knowledge management
(c; moderate; p. 43)

Scenarios and Questions
For each of the following choose the answer that *most completely* answers the question.

HISTORICAL BACKGROUND OF MANAGEMENT

A Look Back (Scenario)

Cindy Schultz, tired from working with customers all day, decided to take a 15-minute nap to help clear her head before the 4:15 P.M. managers' meeting. Her company had recently begun a reengineering process as well as other changes requiring copious management input. As she leaned back in her chair, she wondered if management science had always been this way and how it all began. As she napped, she dreamed that she was traveling in the "Management Way Back Machine" with "Mr. Peabody" as her guide that took her back through management history.

95. One of the earliest sites Cindy visited was the home of Adam Smith, author of *The Wealth of Nations*, which suggested that organizations and society would gain from _____.
a. time management
b. division of labor
c. group work
d. quality management
(b; moderate; p. 26)

96. Cindy visited a bookstore that was holding a book signing. She saw that the title of the book was *Principles of Scientific Management* and concluded that the author must be _____.
a. Adam Smith

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b. Frank Gilbreth
c. Henry Gantt
d. Frederick Taylor
(d; easy; p. 28)

97. Cindy admired the works of Taylor and Gilbreth, two advocates of _____.
a. scientific management
b. organizational behavior
c. human resource management
d. motivation
(a; moderate; p. 28)

98. Cindy spent some time visiting with _____, a researcher she previously knew little about but who also contributed to management science by being among the first to use motion picture films to study hand-and-body motions and by devising a classification scheme known as a "therblig."
a. Henry Gantt
b. Max Weber
c. Chester Barnard
d. Frank Gilbreth
e. Mary Parker Follett
(d; moderate; p. 29)

Scientific Management (Scenario)

As an intern, Jeanna is perplexed as she hears different managers discuss their views on particular problems. She has been assigned to several departments during her internship.

99. While trying to describe a problem, one manager utilizes analysis of basic work tasks that are performed in the organization. It is most likely that this manager has studied the work of _____.
a. Frederick Taylor
b. Edward Deming
c. Max Weber
d. Henri Fayol
(a; challenging; p. 28)

100. As she talked to another manager, Jeanna learned a view of the organization that stressed strict division of labor, formal rules and regulations, and impersonal application of those rules and regulations. This manager was a student of - _____.
a. the Industrial Revolution
b. quantitative methods
c. spiritual knowledge
d. bureaucracy
(d; moderate; p. 30)

101. One particular department in the organization made decisions about planning and control of the organization. They used sophisticated computer software to develop

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models, equations, and formulas that aid other managers to do their jobs. This department utilizes _____.

a. anthropology
b. bureaucracy
c. quantitative methods
d. spiritual management

(c: moderate; p. 32)

102. Jeanna worked in a department where employees were seen as the driving force behind the organization, and contributions of individuals were seen as varied and distinct. This department probably saw employees though the _____ field of study.

a. workplace diversity
b. organizational behavior
c. quantitative studies
d. total quality management

(b; moderate; p. 32)

103. One manager encouraged Jeanna to explore applications of statistics, optimization models, information models, and computer simulations to management activities. This manager was discussing _____.

a. quantitative approach
b. workplace diversity
c. organizational behavior
d. knowledge management

(a; easy; p. 32)

TOWARD UNDERSTANDING ORGANIZATIONAL BEHAVIOR

A major research effort started in the 1920s at a telephone equipment assembly plant in Cicero, Illinois. The Industrial Revolution had sustained Western Electric for the last 50 years, but the latest attempts to use the principles of Taylor, the Gilbreths, and other theorists had not produced improvements in productivity.

104. In cooperation with researchers from Harvard, managers designed a project that was the last attempt to apply the principles of the Industrial Revolution and the first research into a new area of management thought. This project began as a test to determine the most productive _____.

a. reward structure
b. illumination level
c. number of breaks during a shift
d. number of days away from work per month

(b; moderate; p. 33)

105. This research effort lasted for 7 years and became known as _____.

a. the Harvard Research Group
b. the Boston Consulting Group
c. quantitative management
d. the Hawthorne studies

(d; moderate; p. 33)

106. The research project studied _____.

a. behavior and sentiments
b. group influences on individual behavior

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c. group standards affect individual behavior
d. all of the above
(d; difficult; p. 33)

107. Critics of these research efforts criticized _____.
a. the research procedures
b. analyses of findings
c. the conclusions based on the analyses of the findings
d. all of the above
(d; difficult; p. 34)

108. The most important thing about these studies is that they _____.
a. helped employees understand their own behavior, beginning the employee empowerment movement
b. stimulated interest in human behavior in organizations
c. concluded that employees were no different from machines
d. showed that managers had to be right in all their decisions
(b; difficult; p. 34)

The Human Side (Scenario)

As an engineer, Kevin was trained to understand the roles of machinery and hardware in enhancing organizational productivity. However, Kevin was promoted to a managerial position where his duties included supervising a department of 34 people and leading them toward completion of a new project. Ever the perfectionist, Kevin decided to enhance his understanding of the human side of business management by reading a history text on the human resources approach.

109. Kevin read that _____ was an early social reformer who is remembered most for his/her courage and commitment to reducing the suffering of the working class.
a. Hugo Munsterberg
b. Robert Owen
c. Mary Parker Follett
d. Chester Barnard
(b; moderate; p. 33)

110. Kevin also expanded his reading list to include works authored by _____, the creator of the field of industrial psychology.
a. Hugo Munsterberg
b. Robert Owen
c. Mary Parker Follett
d. Chester Barnard
(a; moderate; p. 33)

111. Kevin was surprised to learn that using group-based projects was not a contemporary concept. In fact, _____ was an early 1900s social philosopher who thought that organizations should be based on a group ethic.
a. Hugo Munsterberg
b. Robert Owen
c. Mary Parker Follett
d. Chester Barnard
(c; moderate; p. 33)

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112. Kevin also learned that the human resources approach was not limited to academic theorists. A strong contribution to this field was made by _____, an actual manager who thought organizations were social systems that required cooperation.
a. Hugo Munsterberg
b. Robert Owen
c. Mary Parker Follett
d. Chester Barnard
(d; moderate; p. 33)

CURRENT TRENDS AND ISSUES

The New Challenge (Scenario)

Tom has just been promoted to chief technology officer at his company, Global Tech Solutions, Inc. His first assignment is to identify four project managers in the company that are likely to successfully manage new projects. Tom selects Robert, Frank, Sue, and Jan, who all are recent graduates from a local university. He informs them about a current situation.

113. During a discussion about e-business, Robert tells Tom that he understands that _____ is a comprehensive term describing the way an organization does its work by using electronic linkages with its key constituencies in order to efficiently and effectively achieve its goals.
a. b-business
b. t-business
c. e-business
d. i-business
(c; moderate; p. 40)

114. Discussing the three categories of e-business was not difficult. Tom simply stated that the three categories included all of the following except _____.
a. e-business enhanced
b. e-business enabled
c. total e-business
d. cross-sectional e-business
(d; moderate; p. 41)

115. Tom further clarified that many *Fortune* 500 type organizations are evolving into e-businesses using the _____ approach.
a. e-business-enhanced
b. e-business-enabled
c. total e-business
d. cross-sectional e-business
(a; moderate; p. 41)

116. Sue asked for some examples of traditional organizations that have become e-business enhanced. Tom replied that all of the following are examples except _____.
a. Merrill Lynch
b. Yahoo!
c. Office Depot
d. Starbucks
(b; moderate; p. 41)

Regional University (Scenario)

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A regional university is trying to deal with many pressures to maintain its vitality in today's educational environment. It faces many challenges that test the managers at the university.

117. In an attempt to attract students from foreign counties, the university designs a new department. This new department is tasked to attract international students and move them into the mainstream of the university through an intensive program that teaches English. This action could best be defined as _____.

a. bureaucracy
b. organizational behavior
c. a quantitative approach
d. globalization
(d; easy; p. 37)

118. Realizing that the university needs to attract a heterogeneous mixture of faculty, the university develops a plan to hire faculty from different genders, races, and ages. This is seen as a move to develop _____ in the university.

a. workforce diversity
b. entrepreneurship
c. e-business
d. scientific management
(a; easy; p. 39)

119. Although most university programs that offer degrees through classes on the Internet are at either the associate degree or graduate level, this university decides to offer a degree at bachelor's level. This is an example of _____.
a. workforce diversity
b. entrepreneurship
c. organizational behavior
d. scientific management
(b; moderate; p. 40)

120. In an effort to improve operations in the university, Internet web pages are developed to market the university, accept applications to the university, and accept applications for campus housing. These operations are seen as parts of an e-business _____ organization.

a. enhanced
b. enabled
c. capable

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d. effective
(b; moderate; p. 41)

121. Plans were made and classes were developed that would be delivered through the Internet. These operations are seen as parts of an e-business _____ organization.

a. enhanced
b. enabled
c. capable
d. effective
(a; moderate; p. 41)

The New Business (Scenario)

Lois has started on her own children's clothing store business. She is a bit nervous but is confident she will do a good job. She remembers studying the different approaches to management and knows when to use each approach.

122. Before opening day, Lois has to decide how much money she should put in her budget toward advertising. This is using the _____.
a. organizational behavior approach
b. quantative approach
c. qualitative approach
d. systems approach
(b; moderate; p. 31)

123. Lois has three people she needs to interview for her manager position. Employee selection procedures is an example of _____.
a. organizational behavior approach
b. quantative approach
c. qualitative approach
d. systems approach
(a; moderate; p. 32)

MULTIPLE-CHOICE QUESTIONS
For each of the following choose the answer that *most completely* answers the question.

THE MANAGER: OMNIPOTENT OR SYMBOLIC?

29. What are the two views of managerial impact on the success or failure of the organization?
a. omnipotent and symbolic
b. omnipotent and reflective
c. symbolic and interactive
d. reflective and interactive
(a; moderate; p. 50)

30. The omnipotent view of management means _____.

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a. the top manager is the only person in charge
b. managers are directly responsible for an organization's success or failure
c. that there is only one boss in the organization, and she or he is responsible for delegating orders
d. managers have little or no responsibility for an organization's success or failure
(b; easy; p. 50)

31. The _____ view of management is consistent with the stereotypical picture of the take-charge business executive who can overcome any obstacle in carrying out the organization's objectives.
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a. omnipotent
b. symbolic
c. functional
d. systems
(a; hard; p. 50)

32. The symbolic view of management means _____.
a. managers are directly responsible for an organization's success or failure
b. managers have little or no responsibility for an organization's success or failure
c. that external forces are directly responsible for an organization's success or failure
d. the employees are directly responsible for an organization's success or failure
(c; easy; p. 50)

33. Internal constraints that restrict a manager's decision options _____.
a. exist within every organization
b. do not exist, as all managers can decide as they please
c. exists only to the extent that upper management imposes them
d. exist only to the extent that followers won't do as they are told
(a; easy; p. 51)

34. The current dominant assumption in management theory _____.
a. suggests a balanced view of managers as symbolic and omnipotent
b. suggests managers are symbolic
c. suggests managers are omnipotent
d. is that both the symbolic and omnipotent views are fading
(c; moderate; p. 50)

35. Which of the following views of managerial impact is useful in explaining the high turnover among college and professional sports coaches who can be considered the "managers" of their teams?
a. symbolic
b. omnipotent
c. generalist
d. autocratic
(b; moderate; p. 50)

36. According to the symbolic view, managers have a(n) _____ effect on substantive organizational outcomes.
a. substantial
b. moderate
c. limited
d. unlimited

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(c; moderate; p. 57)

37. Managers operate within the constraints imposed by _____.
    a. government at the federal and state level
    b. the employees of the organization
    c. the organization's culture and environment
    d. the organization's board of directors
    (c; moderate; p. 51)

38. A manager may be able to expand their area of discretion by _____.
    a. telling the employees what to do
    b. changing and influencing their organization's culture and environment
    c. electing new government officials at the federal and state level
    d. changing employers and thus their boss
    (b; moderate; p. 51)

39. _____ that restrict a manager's decision options exist within every organization.
    a. Internal constraints
    b. External constraints
    c. Organizational external environments
    d. Organizational environment changes
    (a; hard; p. 51)

THE ORGANIZATION'S CULTURE

40. Organizational culture is similar to an individual's _____.
    a. skills
    b. personality
    c. motivation
    d. ability
    (b; easy; p. 52)

41. An organization's culture is _____.
    a. represented in organizational meetings by the top manager of the organization
    b. represented by a common perception held by interest groups that watch the organization
    c. represented by a common perception held by the organization's members
    d. changed when the organization is purchased by new owners
    (c; hard; p. 52)

42. Organizational culture is concerned with how members perceive the organization not whether they _____.
    a. like it
    b. like their peers
    c. like their boss
    d. like their customers
    (a; easy; p. 52)

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43. Strong cultures _____.
    a. are found in organizations with strong leaders
    b. have a minimal influence on the employee when she or he is making decisions
    c. can be found in all organizations that exist
    d. have a greater influence on employees than do weak cultures
    (d; moderate; p. 53)

44. Employees in organizations with strong cultures _____.
    a. are more committed to their organization
    b. are more likely to leave the organization than stay
    c. are more willing to perform illegal activities
    d. are more likely to follow directives from peers
    (a; moderate; p. 53)

45. Which of the following phrases is associated with the definition of organizational culture?
    a. individual response
    b. shared meaning
    c. diversity of thought
    d. explicit directions
    (b; easy; p. 52)

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46. Which of the following is not mentioned in the textbook as a dimension of organizational culture?
    a. attention to detail
    b. people orientation
    c. compensation
    d. aggressiveness
    (c; moderate; p. 52)

47. Sony Corporation's focus on product innovation is an example of which of the following dimensions of organizational culture?
    a. attention to detail
    b. people orientation
    c. outcome orientation
    d. aggressiveness
    (c; moderate; p. 53)

48. Corporate _____ are repetitive sequences of activities that express and reinforce the values of the organization, what goals are most important, which people are important, and which are expendable.
    a. languages
    b. rituals
    c. symbols
    d. ceremonies
    (b; easy; p. 57)

49. The most significant ways that culture is transmitted to employees consist of _____.
    a. rituals, tales of woe, symbols, and language
    b. symbols, rituals, language, and systems
    c. stories, rituals, symbols, and language
    d. language, stories, rituals, and rewards
    (c; moderate; p. 56)

50. When employees at Microsoft use words such as: *work judo*, *eating your own dog food*, and *flat food*, they are using organizational _____.
    a. languages
    b. rituals
    c. symbols
    d. ceremonies
    (a; easy; p. 57)

51. Most organizations have _____ cultures.
    a. very weak
    b. weak to moderate
    c. moderate
    d. moderate to strong
    (d; moderate; p. 53)

52. The original source of an organization's culture usually _____.
    a. is shared among the first workers hired into the organization
    b. is formulated by the board of directors when the organization is formed

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c. identifies what the organization is successful doing
d. reflects the vision or mission of the organization's founder
(d; moderate; p. 53)

53. Organizational _____ typically contain(s) a narrative of significant events or people.
a. stories
b. rituals
c. charts
d. material symbols
(a; moderate; p. 56)

54. All of the following are mentioned in the textbook as examples of material symbols except _____.
a. dress attire
b. size of offices
c. employee stock options
d. reserved parking spaces for certain employees
(c; moderate; p. 57)

55. The link between organizational values and managerial behavior is _____.
a. uncertain
b. fairly straightforward
c. loose and difficult to see
d. unimportant
(b; moderate; p. 59)

56. By learning organizational language, member's _____.
a. can communicate with the stockholders of the organization
b. know that the boss will be promoting them to greater responsibility
c. attest to their acceptance of the culture and their willingness to help preserve the culture
d. can share material symbols with other members
(c; hard; p. 57)

57. An organization's culture _____.
a. constrains what managers can do and are rarely explicit
b. seldom constrains what managers can, cannot do, and are rarely explicit
c. seldom constrains what managers can, cannot do, and are rarely implicit
d. constrains what managers can, cannot do, and are rarely explicit
(d; hard; p. 52)

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THE ENVIRONMENT

58. External environment refers to _____.
a. institutions outside the organization that affect the organization's performance

b. forces and institutions outside the organization that potentially can affect the organization's performance
c. forces and institutions inside the organization that affect the organization's performance
d. forces inside the organization that affect the organization's performance
(b; hard; p. 64)

59. According to the textbook, the _____ environment includes those constituencies that have a direct and immediate impact on managers' decisions and actions and are directly relevant to the achievement of the organization's goals.
a. general
b. specific
c. secondary
d. forward
(b; moderate; p. 64)

60. An organization's specific environment _____.
a. is unique and changes with conditions
b. is the same regardless of the organization's age
c. is determined by the top level of management
d. is quantified to determine its existence
(a; moderate; p. 64)

61. The specific environment of organizations consists of constituencies that have a direct impact on managers' decisions and actions. The main constituencies are made up of customers, suppliers, competitors, and _____.
a. legislators
b. pressure groups
c. employees
d. lawyers
(b; moderate; p. 64)

62. Which of the following is not an example of a constituency that makes up the specific environment?
a. customers
b. sociocultural factors
c. suppliers
d. competitors
(b; moderate; p. 64)

63. When you think of an organization's suppliers, you _____.
a. know that they are the main customers of the organization
b. typically think of governments that pass the laws the organization must follow
c. know that they are located close to the buying organization
d. typically think in terms of organizations that provide materials and equipment
(d; moderate; p. 65)

64. Managers seek to ensure a steady _____.
a. cash flow from stockholders into the organization
b. flow of needed inputs at the lowest price available
c. flow of customers at the company's outlet store
d. flow of suppliers to keep the competition among suppliers at a peak
(b; moderate; p. 65)

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65. The Internet is having an impact on who an organization's competitors are because it has _____.
    a. defined the common markets for the organizations
    b. made the products they sell invaluable to the customer
    c. virtually eliminated the need for shopping malls
    d. virtually eliminated the geographic boundaries
    (d; hard; p. 66)

66. For a company such as Walt Disney World in Florida, a bank would be an example of what kind of factor in their specific environment?
    a. competitor
    b. supplier
    c. special-interest group
    d. government agency
    (b; moderate; p. 66)

67. Which of the following is not an example of a specific environmental factor?
    a. suppliers
    b. political conditions
    c. governmental agencies
    d. B and C are correct.
    (d; moderate; p. 65)

68. For an organization such as a hospital that needs nurses, the labor union and the local labor market are examples of what kinds of factors in their specific environment?
    a. special-interest group and supplier
    b. customer and special-interest group
    c. both are examples of suppliers
    d. government agency and competitor
    (c; difficult; p. 65)

69. Typically, the specific organizational environment includes which of the following?
    a. economic factors
    b. political conditions
    c. technological factors
    d. competitors
    (d; moderate; p. 64)

70. United Parcel Service represents what factor to the U.S. Postal Service in its specific environment?
    a. competitor
    b. supplier
    c. customer
    d. government agency
    (a; moderate; p. 65)

71. The general economic condition consist of all of the following except _____.
    a. legislation recently passed by Congress
    b. interest rates

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c. change in disposable income
d. stock market fluctuations
(a; moderate; p. 66)

72. Sociocultural conditions consist of _____.
a. demographic profiles of the organization's suppliers
b. legal issues as determined by court decisions
c. the level of unemployment and real economic incomes of workers
d. changing expectations of the society in which they operate
(d; hard; p. 67)

73. To a national network such as NBC, your home VCR is considered a _____.
a. customer
b. supplier
c. special-interest group
d. competitor
(d; moderate; p. 66)

74. According to the textbook, _____ is having an impact on determining an organization's competitors because it has virtually eliminated the geographic boundaries.
a. local area network
b. the intranet
c. the Internet
d. video conferencing
(c; easy; p. 66)

75. Ralph Nader's Center for Responsive Law is an example of what factor in the specific external environment?
a. competitor
b. pressure group
c. customer
d. government agency
(b; moderate; p. 66)

76. Typically, the general organizational environment includes which of the following?
a. political conditions
b. issues directly relevant to achieving organizational goals
c. stakeholders
d. suppliers
(a; moderate; p. 66)

77. Compared to the specific environment, which of the following is an accurate statement about the general environment of an organization?
a. It has less impact on the organization's operations.
b. It has more impact on the organization's operations.
c. It has about the same impact on an organization's operations.
d. It is the concern of upper management.
(a; difficult; p. 66)

78. Which of the following is <u>not</u> an example of an organization's general environment?
a. economic conditions
b. political conditions
c. social conditions
d. industry conditions
(d; moderate; p. 66)

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79. Interest rates, inflation rates, and stock market indexes are all examples of what factor in an organization's general environment?
a. economic
b. political
c. social
d. technological
(a; moderate; p. 66)

80. The Americans with Disabilities Act of 1990 is an example of a _____.
a. sociolegal condition
b. political/legal condition
c. political/sociological condition
d. sociocultural condition
(b; moderate; p. 66)

81. A downturn in the contributions from the public to the United Way charity is an example of the impact from what factor in its general environment?
a. political
b. social
c. technological
d. economic
(d; moderate; p. 66)

82. According to the textbook, which of the following groups includes individuals who were born between the years 1946–1964?
a. the Depression group
b. the World War II group
c. the baby boomers
d. Generation X
(c; difficult; p. 58)

83. According to the textbook, the members of which one of the following groups are thinking, learning, creating, shopping, and playing in fundamentally different ways that are likely to greatly impact organizations and managers?
a. the Depression group
b. the World War II group
c. the baby boomers
d. Generation Y
(d; difficult; p. 68)

84. Generation Y is predicted to be _____ their baby boomer parents' generation.
a. as large as, if not larger than
b. large, but not as large as
c. not anywhere nearly as large as
d. much, much smaller than
(a; moderate; p. 68)

85. Which factor has been the most rapidly changing component in an organization's general environment in the past quarter-century?
a. global

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b. economic
c. social
d. technological
(d; moderate; p. 68)

86. The enhanced speed and quality of managerial decision making due to an integrated office system is an example of the impact of which general environmental factor?
a. global
b. social
c. political
d. technological
(d; moderate; p. 68)

87. Which of the following are the two dimensions of environmental uncertainty?
a. degree of change and degree of complexity
b. degree of change and degree of volume
c. degree of complexity and degree of impact
d. degree of impact and degree of timing
(a; moderate; p. 60)

88. We call it a _____ environment if the components in an organization's environment change frequently.
a. moving
b. diverse
c. dynamic
d. difficult
(c; hard; p. 69)

89. Managers try to minimize _____ because it is a threat to an organization's effectiveness.
a. product development
b. uncertainty
c. price charges
d. the number of suppliers
(b; moderate; p. 69)

90. _____ are any constituencies in the organization's external environment that are affected by the organization's decisions and actions.
a. Stockholders
b. Pressure groups
c. Suppliers
d. Stakeholders
(d; moderate; p. 71)

91. According to the textbook, _____ refers to the number of components in an organization's environment and the extent of the knowledge that the organization has about those components.
a. degree of stability
b. openness
c. degree of complexity
d. change
(c; moderate; p. 70)

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92. The first step of managing external stakeholder relationships is to identify who the stakeholders are. The second step is to _____.
    a. determine what specific approach they should use to manage the stakeholder relationship
    b. determine what the courts might do when stakeholder files a claim against the organization
    c. determine what particular interests or concerns these stakeholders might have
    d. determine how many stakeholders there are in each stakeholder group
    (c; hard; p. 71)

Scenarios and Questions

For each of the following, choose the answer that *most completely* answers the question.

THE ORGANIZATION'S CULTURE

Corporate Takeover (Scenario)

Todd works for SeaLan Tech, an environmental consulting firm that has just been purchased by Zerex, Inc., a biomedical research organization. Based on his early encounters with the new upper management from Zerex, he feels that SeaLan is a "lower-key, friendlier" organization. He is concerned that the new company will eliminate SeaLan 's old culture, and he does not like the prospects.

93. If you were talking with Todd and asked him what the term *culture* meant, he would reply that, basically, it is _____.
    a. the formal rules of an organization
    b. the nationality of the workers in the company
    c. a system of shared meaning
    d. a system that reflects diversity and respect for differences
    (c; easy; p. 52)

94. Todd is concerned with the degree to which managers focus on results or outcomes rather than techniques and the processes used to achieve those outcomes. He is concerned with _____.
    a. stability
    b. aggressiveness
    c. team orientation
    d. outcome orientation
    (d; moderate; p. 53)

95. Todd notices that management is very concerned with the effects of outcomes on people within the organization. This is referred to as _____.
    a. stability
    b. aggressiveness
    c. team orientation
    d. people orientation
    (d; moderate; p. 53)

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96. Todd is assessing the organization's _____, the degree to which organizational activities emphasize maintaining the status quo in contrast to growth.
    a. stability
    b. aggressiveness
    c. team orientation
    d. outcome orientation
    (a; moderate; p. 52)

97. Todd has been learning the seven dimensions of organizational culture. Which of the following is not one of those seven dimensions?
    a. stability
    b. aggressiveness
    c. member orientation
    d. outcome orientation
    (c; moderate; p. 52)

Changing Organizational Culture (Scenario)

Mary has been asked by the company president to change the organizational culture to reflect the company's new organizational goals. As executive vice president, she certainly understands the goals, but is really not sure that she understands what to do about the culture.

98. Mary asked employees if they knew what constituted "good employee behavior." She found that very few understood, and most had a variety of ideas. This is one indication that her company _____.
    a. has a strong culture
    b. has a weak culture
    c. has no culture
    d. must have high turnover
    (b; moderate; p. 53)

99. Mary also found out that in order to build a strong new culture, she should do all but which of the following?
    a. utilize their recruitment efforts
    b. develop socialization practices to build culture
    c. encourage a high turnover rate
    d. have management make explicit what is valued in the organization
    (c; difficult; p. 53)

100. Mary was surprised to find that most organizational culture strengths are _____.
    a. weak
    b. weak to moderate
    c. moderate to strong
    d. strong
    (c; moderate; p. 53)

THE MANAGER: OMNIPOTENT OR SYMBOLIC?

101. Mary has also been asked, as part of the cultural change, to build on the belief that managers are directly responsible for the organization's success or failure and not

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forces outside their control. This would be consistent with an organizational culture that has a(n) _____ view of management.
a. traditional
b. omnipotent
c. standard
d. symbolic
(b; moderate; p. 50)

102. The new view of management change for the new culture will be difficult because, in the past, success has been viewed as being outside management's control, a view known as _____.
a. traditional
b. omnipotent
c. standard
d. symbolic
(d; moderate; p. 50)

THE ENVIRONMENT

Environmental Constraints (Scenario)

It is safe to say that managers do not have complete control over organizational outcomes; the environment has a significant impact. However, there are different environmental factors that shape a manager's work life.

103. As a manager, if you were working in an industry that was dependent on Internet connections and the many new customers vying for the same space, this would be an example of what kind of environment?
a. general
b. static
c. stable
d. dynamic
(d; moderate; p. 69)

104. Political conditions, which include attitudes that officials hold toward specific industries, fall within an organization's _____ environment.

a. global
b. internal
c. competitive
d. general
(d; moderate; p. 69)

DEFINING THE EXTERNAL ENVIRONMENT

The Election (Scenario)

At the present time, your organization is confronting the election of a new president and congress, changes in how the customer wants your product to look in design, changes in the age and education level of your customer, and the desire of the customer to have the product made in the newly discovered plastics used in the construction of your product.

105. The changes in the presidency and congress compose what for your organization?

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a. general environment
b. specific environment
c. pressure group
d. interest group
(a; moderate; p. 66)

106. The change in how the customer wants your product to look in design is an example of what?
a. general environment
b. specific environment
c. pressure group
d. interest group
(b; hard; p. 64)

107. The changes in the age and education level of your customer are an example of which of the following?
a. economic condition
b. political/legal condition
c. sociocultural condition
d. technological condition
(c; moderate; p. 67)

108. To have the product made in the newly discovered plastics used in the construction of your product is an example of which of the following?
a. economic condition
b. political/legal condition
c. sociocultural condition
d. technological condition
(d; moderate; p. 68)

<u>The New Medical Product (Scenario)</u>

You are a manager of marketing and are planning on introducing a new medical product that has stirred up controversy among certain public groups. Members of the research and development staff have pointed out that the company has a history of introducing controversial products and being successful doing so. Members among your staff have stated that this product is more controversial than any product introduced previously.

109. The public group that is opposed to the introduction of the new medical product is known as which of the following?
a. service group
b. defense group
c. pressure group
d. informal group
(c; moderate; p. 66)

110. When looking at the introduction of the new product into particular market niche, this niche is which of the following to the organization as a whole?
a. general environment
b. specific environment
c. political/legal condition
d. sociocultural condition
(b; hard; p. 64)

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THE ORGANIZATION'S CULTURE

111. The research and development department is acting on the common perception held by that department known as what?
    a. omnipotent view of management
    b. organizational culture
    c. internal constraint
    d. external constraint
    (b; hard; p. 52)

112. The marketing staff's resistance to introducing the new medical product is which of the following for the marketing manager?
    a. omnipotent view of management
    b. organizational culture
    c. external constraint
    d. internal constraint
    (d; moderate; p. 51)

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STRONG VERSUS WEAK CULTURE

113. If the marketing department staff had agreed with the research and development staff, then it could be said that the organization probably possesses what?
    a. strong culture
    b. weak culture
    c. specific internal environment
    d. specific internal constraint
    (a; easy; p. 53)

Operating Within the Environment (Scenario)

The environment places constraints on the behavior of managers. Suppose you are a manager trying to understand the forces within your organization's environment.

114. Imagine you are the manager of a real estate office trying to maximize profits. If the mortgage interest rates increase, this would be an example of changing _____ in your general environment.
    a. economic conditions
    b. political conditions
    c. competition
    d. social conditions
    (a; moderate; p. 66)

Chris Co. (Scenario)

Mr. Taylor haw been hired by Chris Co., a manufacturer of precious metal jewelry. Chris Co. has been having significant issues with some of their major stakeholders such as poor quality from their suppliers and complaints from their customers. Mr. Taylor has been hired to help resolve these issues and to help build a plan for resolving the company's problem with their major stakeholders.

115. Mr. Taylor finds out how critical each stakeholder is to the organization's decisions and actions. This is the _____.
    a. first step
    b. second step
    c. third step
    d. final step
    (c; easy; p. 71)

116. Mr. Taylor identifies who the organizations' stakeholders are. This is the _____.
    a. first step
    b. second step
    c. third step
    d. final step
    (a; easy; p. 71)

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117. Mr. Taylor decides how to manage the external stakeholder relationships. This is the _____.
a. first step
b. second step
c. third step
d. final step
(d; easy; p. 71)

MULTIPLE-CHOICE QUESTIONS
For each of the following choose the answer that *most completely* answers the question.

WHAT'S YOUR GLOBAL PERSPECTIVE?

28. In a global marketplace _____.
a. the entire world is a marketplace
b. national borders are irrelevant
c. the potential for organizations to grow expands dramatically
d. all of the above
(d; moderate; p. 78)

29. In a global marketplace managers must _____.
a. deal with economic, political, and cultural differences
b. expect competitors to suddenly appear at any time from any place
c. not take specific differences of a local environment into consideration
d. a and b
(d; moderate; p. 78)

30. One reason for parochialism in the United States is that Americans tend to study _____ in school.
a. only English
b. only two languages
c. English and French
d. English and German
(a; easy; p. 79)

31. Which of the following describes the current state of the world use of languages?
a. Germans and Italians, unlike other Europeans, only speak their native language.
b. Americans tend to study many other languages in school.
c. Most Japanese begin learning English by their third year of high school.
d. Americans tend to think of English as the only international business language.
(d; moderate; p. 79)

32. Ethnocentric views concentrate on their _____.
a. home country
b. host country
c. world orientation
d. racial orientation
(a; easy; p. 80)

33. _____ is a sign that Americans suffer from parochialism.
a. Multinationalism

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b. Monolingualism
c. Geocentrism
d. Polycentrism
(b; moderate; p. 79)

34. Parochialism is _____.
a. acceptance of diverse points of view
b. a desire to leave one's own culture for a foreign culture
c. a tendency to view the world through a single perspective
d. recognition of diverse religious beliefs
(c; moderate; p. 79)

35. For U.S. businesses to have successful global management, which of the following statements provides the best advice?
a. Americans should continue to push for the use of English only.
b. Stick to your own customs to avoid embarrassing incidents.
c. Make sure foreign businesspeople know you are American so they will speak to you in English.
d. Develop an understanding of multicultural differences.
(d; moderate; p. 80)

36. Which of the following is the least favorable attitude for an American manager who wishes to be successful in international business?
a. multicultural
b. multicountry
c. ethnocentric
d. polycentric
(c; easy; p. 80)

37. Managers with a(n) _____ attitude view every foreign operation as different and hard to understand.
a. geocentric
b. ethnocentric
c. selfless
d. sensitive and caring
(b; moderate; p. 80)

38. Successful global management requires an attitude that is best described as _____ .
a. ethnocentric
b. parochial
c. polycentric
d. geocentric
(d; easy; p. 80)

39. A(n) _____ attitude is characterized by parochialism.
a. geocentric
b. nonlinguistic
c. selfless
d. ethnocentric
(d; moderate; p. 80)

40. A(n) _____ attitude is the view that host-country managers know the best practices for running their operations.
a. ethnocentric
b. polycentric

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c. geocentric
d. international
(b; easy; p. 80)

41. The geocentric attitude is a _____ view.
a. national
b. world
c. culture-bound
d. narrow
(b; moderate; p. 80)

42. _____ management requires enhanced sensitivity to differences in national customs and practices.
a. Ethnocentric
b. Polycentric
c. Global
d. Parochial
(c; moderate; p. 81)

43. Successful global management requires _____.
a. rigid application of home-country practices
b. enhanced sensitivity to differences in national customs and practices
c. Americanization of foreign managers
d. teaching English to foreign nationals
(b; moderate; p. 81)

UNDERSTANDING THE GLOBAL ENVIRONMENT

44. The _____ was created by the unification of 12 countries in Europe.
a. European Common Market
b. European Union
c. Western European Alliance
d. Trans-European Market (TEM)
(b; moderate; p. 81)

45. The _____ is a collection of countries that use a common currency.
a. European Common Market
b. European Union
c. Western European Alliance
d. Economic and Monetary Union (EMU)
(d; difficult; p. 82)

46. The principle reason for formation of the regional trading alliance in Europe was to reduce the power of the United States and _____.
a. Canada
b. Mexico
c. Japan
d. Russia
(c; moderate; p. 82)

47. The European Union covers _____.

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a. border controls, taxes, and subsidies
b. nationalistic policies and travel
c. employment, investment, and trade
d. all of the above
(d; moderate; p. 82)

48. The single EU currency will be called the _____.
a. franc
b. franc-mark
c. pound
d. euro
(d; moderate; p. 82)

49. The European Union consists of _____.
a. 12 countries
b. 15 countries
c. 12 countries with plans to add more
d. 25 countries with plans to add 2 more in 2007
(d; difficult; p. 81)

50. Within the members of the North American Free Trade Agreement, trade has _____ since the treaty was signed.
a. decreased initially, but increased steadily
b. increased
c. decreased
d. increased in commodities, but decreased in manufactured goods
(b; moderate; p. 82)

51. The primary motivation for joining the European Union was _____.
a. to reduce the economic competitiveness with other parts of the world
b. to increase the political power of European countries in worldwide peace negotiations
c. to control tax exemptions within Europe and encourage intermember cooperation in apprehending tax cheaters
d. to reassert their economic power against America and Japan
(d; moderate; p. 82)

52. The North American Free Trade Agreement _____.
a. includes Mexico, Canada, and the United States
b. includes Mexico, Brazil, and Columbia
c. reduced trade between the United States and Canada
d. reduced the economic power of Canada and the United States and increased the power of Mexico
(a; easy; p. 82)

53. Thirty-six countries in the Caribbean region, South America, and Central America are developing a regional trade alliance called _____.

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a. NAFTA
b. FTAA
c. Mercosur
d. ASEAN
(b; difficult; p. 83)

54. The overall effect of the North American Free Trade Agreement was to _____.
a. eliminate the need for import licensing
b. increase the customs user fees while reducing tariffs
c. reduce trade between Mexico and the United States
d. increase trade between the United States and Venezuela
(a; moderate; p. 83)

55. International businesses have been around since about what date?
a. the fifteenth century
b. the seventeenth century
c. the nineteenth century
d. the twentieth century
(c; difficult; p. 84)

56. Multinational corporations (MNCs) have only become commonplace since approximately what date?
a. mid-1960s
b. mid-1970s
c. 1945
d. mid-1980s
(a; moderate; p. 84)

57. The Association of Southeast Asian Nations includes _____.
a. the members of the European Union and India
b. the members of the North American Free Trade Agreement and the European Union
c. the countries of the former Soviet Union
d. none of the above
(d; difficult; p. 83)

58. Multinational corporations are known for _____.
a. ethnocentric attitudes
b. polycentric attitudes
c. multicentric attitudes
d. having their holdings in one country
(a; moderate; p. 84)

59. Transnational corporations _____.
a. maintain operations in multiple counties, but do not allow managers in each country to make their own decisions
b. utilize ethnocentric attitudes in financial decisions, but favor polycentric views in human resources issues
c. utilize decentralization to make decisions in management in local countries
d. follow the tastes, preferences, and values of the home country
(c; moderate; p. 84)

60. When an organization drops its structure based on countries and reorganizes according to industries, it is pursuing a global organizational operation known as _____.

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a. ethnocentrism
b. polycentrism
c. borderless organization
d. multinational organization
(c; moderate; p. 85)

61. Borderless organizations are developed to _____.
a. increase efficiency
b. increase effectiveness
c. become more aggressive in international sales
d. all of the above
(d; moderate; p. 85)

62. A borderless organization _____.
a. utilizes ethnocentrism
b. focuses its efforts on a polycentric attitude
c. globalizes by eliminating structural divisions that impose artificial geographical barriers
d. is another version of a multinational organization
(c; difficult; p. 85)

63. Which of the following is a basic definition of a multinational corporation?
a. a company that maintains significant operations in at least two different countries
b. a company that maintains significant operations in at least two different countries but is based in one home country
c. a company that maintains significant operations in at least two different countries and has multiple home bases
d. a company that does business and pays taxes in at least two countries
(b; difficult; p. 84)

64. Which of the following is the basic difference between multinational corporations and transnational corporations?
a. Multinational corporations typically do business with more countries than transnational corporations do.
b. Transnational corporations are run by the parent company but must be owned by a local, national company.
c. Decision making in transnational corporations takes place locally rather than from the home country.
d. Multinational corporations pay more in taxes than transnational corporations do.
(c; difficult; p. 84)

65. Which of the following is <u>not</u> a feature of a transnational corporation?
a. decision making takes place at the local level.
b. nationals are typically hired to run operations in each country.
c. marketing strategies are tailored to each country's culture.
d. products are manufactured only in the local country.
(d; easy; p. 84)

66. Which of the following types of global organizations reflects the polycentric attitude?
a. multinational
b. transnational
c. polycentric
d. regional
(b; difficult; p. 84)

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HOW ORGANIZATIONS GO GLOBAL

67. How many stages are there in an organization's evolution into a global organization?
    a. one
    b. two
    c. three
    d. five
    (c; easy; p. 85)

68. In an attempt to be more aggressive, a company might export and import more. This is referred to as the _____.
    a. Stage I of doing business globally
    b. Stage II of doing business in a polycentric manner
    c. Stage III of business incorporation
    d. abnormal operations for an geocentric organization
    (a; difficult; p. 85)

69. In Stage II of doing business globally, an organization would _____.
    a. begin importing and exporting
    b. begin importing, but not exporting goods
    c. send employees to foreign countries as salespeople or hire brokers in other countries
    d. keep employees in the home country
    (c; moderate; p. 85)

70. In Stage III of doing business globally, an organization would utilize _____.
    a. licensing and franchising
    b. strategic alliances
    c. joint ventures
    d. all of the above
    (d; moderate; p. 85)

71. Which of the following characterizes the first stage of an organization's global evolution?
    a. exporting its products to other countries
    b. cross-culturally training its managers
    c. hiring foreign brokers to represent the organization's product line
    d. sending domestic employees on regular foreign business trips
    (a; difficult; p. 85)

72. Which of the following characterizes Stage II of an organization's global evolution?
    a. exporting its products to other countries
    b. cross-culturally training its managers
    c. hiring foreign representation
    d. licensing another firm to use its brand name
    (c; difficult; p. 85)

73. Joint ventures are also termed _____.
    a. licenses
    b. franchises

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c. foreign subsidiaries
d. strategic alliances
(d; moderate; p. 86)

74. Creating a strategic alliance occurs during which stage of an organization's global evolution?
a. I
b. II
c. III
d. IV
(c; easy; p. 85)

75. A domestic firm and a foreign firm sharing the cost of developing new products or building production facilities in a foreign country is called a _____.
a. franchising agreement
b. joint venture
c. foreign subsidiary
d. brokering agreement
(b; moderate; p. 86)

76. Which of the following characterizes Stage III of an organization's global evolution?
a. Cross-culturally training its managers
b. Sending domestic employees on regular foreign business trips
c. Hiring foreign brokers to represent the organization's product line
d. Management may create a joint venture
(d; difficult; p. 86)

77. _____ present(s) the greatest risk to an organization going international.
a. Joint ventures
b. Strategic alliances
c. Licensing
d. Foreign subsidiaries
(d; difficult; p. 86)

MANAGING IN A GLOBAL ENVIRONMENT

78. Which of the following is <u>not</u> listed by your textbook as an area of significant challenge for an American manager working in a foreign country?
a. legal environment
b. economic environment
c. cultural environment
d. religious environment
(d; difficult; p. 87)

79. From an economic standpoint, a threat to the global manager is _____.
a. widely fluctuating inflation rates in foreign countries
b. marginal revenues exceeding marginal costs
c. a stable exchange rate between currencies in various countries
d. all of the above
(a; easy; p. 87)

80. Compared to many other countries, the U.S. legal–political environment is considered _____.
a. radical
b. stable

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c. unstable
d. fixed
(b; moderate; p. 87)

81. Compared to many other countries, changes to the U.S. legal–political environment are considered _____.
a. very fast and effective
b. fast, but not efficient
c. radical
d. slow
(d; moderate; p. 87)

82. The reason that a nation's cultural differences are the most difficult to gain information about is because _____.
a. people tend to be sensitive about their own culture
b. providing this information to foreign organizations reduces a competitive business advantage
c. there is little written on the issue
d. "natives" are least capable of explaining the unique characteristics of their own culture
(d; difficult; p. 89)

83. According to the textbook, the most valuable framework to help managers better understand differences between national cultures was developed by _____.
a. Milton Friedman
b. Michael Porter
c. Geert Hofstede
d. Abraham Maslow
(c; moderate; p. 90)

84. _____ is a cultural dimension in which people expect others in their group to look after them and protect them when they are in trouble.
a. Power distance
b. Collectivism
c. Quantity of life
d. Uncertainty avoidance
(b; easy; p. 90)

85. Which of the following would you find in a country with a high power distance?
a. Society accepts narrow differences in organizations.
b. Title carries little power, but status power is high.
c. There is little respect for those in authority.
d. In a meeting, organizational representatives have widely different status and titles.
(d; moderate; p. 90)

86. _____ is a cultural measure of the degree to which people will tolerate risk and unconventional behavior.
a. Power distance
b. Uncertainty avoidance
c. Quantity of life
d. Quality of life
(b; easy; p. 90)

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87. According to the textbook, organizations in which of the following cultures are likely to have formal rules and little tolerance for unusual ideas and behaviors?
    a. high power distance
    b. low power distance
    c. high uncertainty avoidance
    d. low uncertainty avoidance
    (c; easy; p. 90)

88. In a society with a large _____, titles, rank, and status carry a lot of weight.
    a. collectivism
    b. power distance
    c. compassionate conservatism
    d. uncertainty avoidance
    (b; difficult; p. 90)

89. _____ is a national culture attribute describing the extent to which societal values are characterized by assertiveness and materialism.
    a. Power distance
    b. Uncertainty avoidance
    c. Quantity of life
    d. Quality of life
    (c; moderate; p. 90)

90. _____ is a national culture attribute that reflects the emphasis placed on relationships and concern for others.
    a. Power distance
    b. Uncertainty avoidance
    c. Quantity of life
    d. Quality of life
    (d; moderate; p. 90)

91. Which of the following is most like the United States in terms of power distance, uncertainty avoidance, and quantity-of-life dimensions?
    a. Singapore
    b. Great Britain
    c. Portugal
    d. Pakistan
    (b; easy; p. 90)

SCENARIOS AND QUESTIONS

For each of the following choose the answer that *most completely* answers the question.

WHAT'S YOUR GLOBAL PERSPECTIVE?

First Visit Abroad (Scenario)

Bill Sanderson is halfway over the Atlantic and is excited about his first European business trip. His goal is to scout out potential locations and basically provide input on how the company should proceed with expansion abroad. There are many options, including maintaining the business' head office in the United States and sending over company representatives when necessary or developing a separate company in Europe and hiring locals

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as managers. In any case, he is confident about this trip but is somewhat concerned about the strange habits and foreign languages (if only they would just speak English like everyone else!).

92. Bill's tendency to view the world only through his U.S.-based eyes and perspectives is an international business problem known as which of the following?
    a. nondiversity
    b. discrimination
    c. parochialism
    d. monolingualism
    (c; moderate; p. 79)

93. If Bill's company decided to open another company in France but maintain the base in the United States, it would be considered _____.
    a. a transnational corporation
    b. an international company
    c. a regional trade alliance
    d. a multinational corporation
    (d; moderate; p. 84)

94. If Bill's company decides to open a completely new operation in Germany, tailoring the company to local customs and marketing strategies and hiring local managers, they would be considered _____.
a. a transnational corporation
    b. an international company
    c. a regional trade alliance
d. a multinational corporation
    (a; moderate; p. 84)

95. If Bill's company eliminated country-designated locations and reorganized based on industry groups, it would best be considered a _____.
a. borderless organization
    b. transnational organization
    c. global business alliance
    d. multinational corporation
    (a; moderate; p. 85)

96. If Bill is to become successful as a global manager, he must _____.
    a. attempt to change other cultures to American ways
b. learn and accept other cultures
    c. compete internationally but remain in the United States
    d. learn to manipulate other business cultures
    (b; moderate; p. 85)

Jane wants to expand her career opportunities in international operations of a company. She is 19 years old and currently attends a university. She has only lived in her current country and has never traveled to foreign countries.

97. Jane decides to enroll in a foreign language class to help her overcome her _____.
    a. parochialism
    b. ethnocentric attitude

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c. monolingualism
d. polycentric attitudes
(c; moderate; p. 79)

98. In talking with her advisor at the university, Jane decides she probably has a(n) _____ attitude, as she has never traveled abroad and only relates well to people from her home country.

a. parochialistic
b. polycentric
c. ethnocentric
d. geocentric
(c; moderate; p. 80)

99. Jane becomes involved with an international student association to give her experiences that will allow her to understand the views of students from other countries. She is trying to become more _____ in her attitude.
a. parochialistic
b. polycentric
c. ethnocentric
d. geocentric
(d; difficult; p. 80)

100. Jane selects a class that helps to learn about licensing, franchises, strategic alliances, and joint ventures. She hopes to find an employer who is or plans to move toward being in _____ of their global business operations.
a. Stage I
b. Stage II
c. Stage III
d. Stage IV
(c; moderate; p. 85)

101. In the university catalog she finds a class description that includes the acronyms, EU, NAFTA, FTAA, and ASEAN. These refer to _____.
a. regional trade alliances
b. foreign airlines
c. soccer teams in Europe
d. new multinational corporations
(a; difficult; p. 81)

Theodore and James have formed an entrepreneurial venture to develop software for banks and other financial institutions. Their company is growing, but in looking for opportunities in the future, they decide to explore international operations.

<u>What is Your Global Perspective?</u>

102. Theodore and James feel that people in foreign countries will not have the skills, expertise, knowledge, or experience to write, sell, or install the software. They have a(n) _____ attitude.
a. self-righteous
b. ethnocentric
c. polycentric
d. geocentric

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(b; moderate; p. 80)

103. After Theodore and James began their company's operations in the United States, they realized that a regional trade agreement existed that would allow them to avoid tariffs in _____.
    a. Japan and Germany
    b. Europe
    c. Western, but not Eastern Europe
    d. Mexico and Canada
    (d; difficult; p. 82)

104. The international operations in this firm grew. Theodore and James have come to see that decentralized management using foreign nationals to run operations in their home countries works well. Their firm has developed into a(n) _____ organization.
    a. transnational
    b. multinational
    c. borderless
    d. international
    (a; moderate; p. 84)

105. A new and exciting opportunity has appeared that enables Theodore and James to form a joint venture with an insurance company in Japan. This will move their firm into a global role of a _____ organization.
    a. Stage I
    b. Stage II
    c. Stage III
    d. multinational
    (c; difficult; p. 85)

106. Theodore and James decide to allow a firm in Europe to use the rights to their software, its brand name, and software specifications in return for a lump-sum payment. This agreement is known as a _____.
    a. strategic alliance
    b. licensing agreement
    c. franchise
    d. foreign subsidiary
    (c; difficult; p. 86)

UNDERSTANDING THE GLOBAL ENVIRONMENT

A Foreign Alliance Talk (Scenario)

As manager of the international department for your company, you have been asked by the local Chamber of Commerce to deliver a speech on foreign trade. The Chamber president even goes so far as to say "and be sure to include the EU, NAFTA, and all that stuff because we're afraid that Ross Perot is right—all the good jobs will leave the United States." As you pour over your notes, you are trying to decide what is the best information you can present in the allotted half hour.

107. One of the hottest topics of your talk will be NAFTA, an issue that has the attention of the local business community. You realize that the results are not in, but one outcome that seems certain is that _____.
    a. the United States will definitely come out the worst of the three nations
    b. Canada will profit the most in this arrangement

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c. the expansion of NAFTA would be essential to North America's future competitiveness and economic power
d. U.S. high-tech companies, such as computer manufacturers, will be hit hard
(c; difficult; p. 82)

108. You will close by giving them a likely view of the future of NAFTA, which suggests that _____.
a. it will likely disband by the year 2010
b. it is expected to merge with the EU by 2020
c. other Latin American counties will soon become partners
d. Cuba is the next partner in NAFTA
(c; moderate; p. 83)

A Different View (Scenario)

John has done well in his company. In only 5 years, he has risen to the position of divisional manager. However, he knows that in order to rise to the level of senior management, he needs to spend some time managing abroad in his company's foreign subsidiaries. Although he has traveled to foreign countries on business and vacations, he has never lived abroad and wonders what differences he would find. He is considering applying for a new foreign-based position, but first wants to learn about some basic differences between managing in the United States and managing in a foreign country. He researched the topic of international management and found many helpful facts about countries and their people.

109. John found out that, compared to managers in many other countries, U.S. managers are accustomed to legal and political systems that are _____.
a. stable
b. fixed
c. boring
d. extreme
(a; easy; p. 87)

110. John found out that wealthier nations, such as the United States, tend to _____.
a. have high uncertainty avoidance
b. be individualistic
c. be collectivist
d. have large power distance
(b; moderate; p. 90)

111. John also found out that in some countries, such as Venezuela, titles, rank, and status carry a lot of weight. These countries have a large _____.
a. uncertainty avoidance
b. quality of life
c. quantity of life
d. power distance
(d; moderate; p. 90)

112. John knew that he did not want to manage in a country where the people have high anxiety, nervousness, and stress. He will, therefore, try to avoid countries characterized as having high _____.
a. uncertainty avoidance
b. quality of life
c. quantity of life
d. power distance

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(a; moderate; p. 90)

The European Expansion (Scenario)

You have been hired by a company to look at the ways to best move the company into the European market but you have to first determine what kind of company you are dealing with.

113. If the company that has hired you is primarily used by manufacturing organizations, it is a _____.
   a. licensing company
   b. franchising company
   c. strategic alliance
   d. joint venture
   (a; moderate; p. 86)

114. If the company that has hired you is primarily used by service organizations, it is a _____.
   a. licensing company
   b. franchising company
   c. strategic alliance
   d. joint venture
   (b; moderate; p. 86)

115. If the company that has hired you is really a partnership between an organization and a foreign company in which both share resources and knowledge in developing new products, than it is a _____.
   a. licensing company
   b. franchising company
   c. strategic alliance
   d. joint venture
   (c; moderate; p. 86)

The Overseas Assignment (Scenario)

Christopher has a degree in business administration and has worked for a major corporation for 5 years. He is offered a chance to work in another country.

116. Through research on the Internet, Christopher finds that in this country's social framework, people are expected to look after others in their family (or organization) and protect them when they are in trouble. This society tends to support _____.
   a. collectivism
   b. parochialism
   c. individualism
   d. monotheism
   (a; difficult; p. 90)

117. This new country's people are favorably influenced by Christopher's job title, and the status given by his experience of having worked in the home office for 5 years. This country has a large _____.
   a. interest in attracting foreign executives
   b. sense of uncertainty avoidance
   c. uncertainty avoidance

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d. power distance
(d; difficult; p. 90)

118. Through talking to executives in the international division, Christopher realizes that his home country has the highest individualism, low power distance and uncertainty avoidance, and a high quantity of life. He probably lives in _____.
a. Great Britain
b. Japan
c. United States
d. Canada
(c; difficult; p. 90)

Multiple-Choice Questions

For each of the following choose the answer that *most completely* answers the question.

WHAT IS SOCIAL RESPONSIBILITY?

26. Employee relations, philanthropy, pricing, resource conservation, product quality and safety, and doing business in countries that violate human rights are some obvious examples of _____.
a. social responsibility ethics that managers must decide on a daily basis
b. social responsibility issues that employees must confront while at work
c. areas of social responsibility that influence managers, not employees
d. decisions that managers face that have a social responsibility dimension
(d: hard; p. 103)

27. The classical view of social responsibility holds that management's only social responsibility is to _____.
a. maximize organizational profits for stockholders
b. maximize adherence to the laws for stockholders
c. maximize organizational profits for stakeholders
d. minimize adherence to the laws for stockholders
(a; easy; p. 100)

28. Which of the following is associated with the classical view of social responsibility?
a. economist Robert Reich
b. concern for social welfare
c. stockholder financial return
d. voluntary activities
(c; moderate; p. 104)

29. Proponents of the socioeconomic view of social responsibility believe that business organizations are _____.
a. not just merely economic institutions
b. just merely economic institutions
c. to be leaders in social responsibility
d. not to be involved in social responsibility, but to maximize profits for stakeholders
(a; moderate; p. 104)

30. Applying social criteria to investment decision refers to _____.
a. socioeconomic view
b. social responsiveness

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c. social responsibility
d. social screening
(d; moderate; p. 104)

31. _____ is defined as a business firm's obligation, beyond that required by law and economics, to pursue long-term goals that are good for society.
a. Social obligation
b. Social responsibility
c. Social screening
d. Values-based management
(b; moderate; p. 103)

32. The most outspoken advocate of the classical view of social responsibility is economist and Nobel laureate, _____.
a. Carnegie Milton
b. Charles Darwin
c. Milton Freeman
d. Milton Friedman
(d; hard; p. 100)

33. The belief that businesses should be responsible because such actions are right for their own sake is known as which argument for social responsibility?
a. public expectation
b. ethical obligation
c. public image
d. discouragement of further government regulation
(b; moderate; p. 102)

34. The belief that businesses that help solve difficult social problems create a desirable community and attract and keep skilled employees is known as which argument for social responsibility?

a. ethical obligation
b. public image
c. better environment
d. possession of resources
(c; moderate; p. 102)

35. A leading proponent of the classical view argues that anytime managers decide on their own to spend their organization's resources for the "social good," are _____.
a. contributing social benefits in the name of goodwill
b. just doing what the government says they have to do
c. helping make society a better place for everyone to live
d. adding to the costs of doing business
(d; hard; p. 102)

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36. The socioeconomic view is that management's social responsibility goes beyond making profits to include _____.
    a. placing members of society on welfare
    b. protecting and improving society's welfare
    c. minimizing the welfare of society in exchange for profits
    d. protecting and improving the organization's profits
    (b; moderate; p. 101

37. Which argument for social responsibility puts forth the belief that by becoming socially responsible, businesses can expect to have less government regulation?
    a. discouragement of further government regulation
    b. stockholder interests
    c. public expectations
    d. public image
    (a; moderate; p. 102)

38. Which argument for social responsibility puts forth the belief that an imbalance between the large amount of power held by firms and their responsibility is harmful to the public good?
    a. public expectation
    b. ethical obligation
    c. public image
    d. balance of responsibility and power
    (d; easy; p. 102)

39. The belief that businesses have the financial, technical, and managerial resources to support needed public and charitable projects is known as which argument?
    a. public expectations
    b. ethical obligations
    c. public image
    d. possession of resources
    (d; moderate; p. 102)

40. Social obligation is the obligation of a business to meet its _____.
    a. social and technological responsibilities
    b. economic and social responsibilities
    c. technological and economic responsibilities
    d. economic and legal responsibilities
    (d; hard; p. 102)

41. Social responsiveness refers to the capacity of a firm to adapt to changing _____.
    a. societal conditions
    b. organizational conditions
    c. societal leaders
    d. organizational managers
    (a; easy; p. 102)

42. The belief that businesses are being socially responsible when they attend only to economic interests is known as which argument against a firm being socially responsible?
    a. dilution of purpose
    b. violation of profit maximization

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c. costs
d. too much power
(b; easy; p. 102)

43. In the United States, a company that meets federal pollution control standards and does not discriminate in hiring, promotion, and pay _____.
a. is meeting its social obligation and more because they are trying to be a good citizen
b. is not even meeting its social obligation, though there are laws in some of these areas of social responsibility
c. is meeting its social obligation and nothing more because laws mandate these actions
d. is meeting its social responsiveness and nothing more because society demands these actions
(c; hard; p. 102)

44. The belief that the costs of social activity are passed on as higher prices to consumers is known as which argument against a firm being socially responsible?
a. violation of profit maximization
b. dilution of purpose
c. costs
d. lack of skills
(c; moderate; p. 102)

45. The belief that firms' pursuit of social goals would give them too much power is known as what argument in opposition to a firm being socially responsible?
a. costs
b. lack of skills
c. lack of broad public support
d. too much power
(d; moderate; p. 102)

46. The belief that business leaders should not direct social policy because there is no direct line of social accountability to the public is known as what argument against a firm being socially responsible?
a. dilution of purpose
b. costs
c. too much power
d. lack of accountability
(d; moderate; p. 102)

47. The aspect that differentiates social responsibility from other similar concepts is that it _____.
a. adds an ethical imperative.
b. adds a legal imperative
c. adds a moral imperative
d. considers social norms
(a; easy; p. 103)

48. When a firm advertises that it only uses recycled paper products, it is _____.
a. meeting its social obligation

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b. meeting social responsibilities
c. being socially responsive
d. paying attention to the bottom line
(c; difficult; p. 103)

SOCIAL RESPONSIBILITY AND ECONOMIC PERFORMANCE

49. One should be cautious in the interpretation, but a summary of more than a dozen studies analyzing the relationship between organizational social responsibility and economic performance provides what conclusion?
a. Being socially responsible causes good economic performance.
b. Good economic performance allows firms to be socially responsible.
c. There is a positive relationship between corporate social involvement and economic performance.
d. Corporate social involvement tends to devalue stock prices in the long run.
(c; difficult; p. 104)

50. Overall, does the evidence suggest that socially responsible behaviors by organizations lower a firm's economic performance?
a. yes
b. no
c. There is not enough evidence at this time to know for sure.
d. It depends on the activity with which the organization is involved.
(b; easy; p. 104)

51. Applying social criteria to investment decisions is a term used to describe _____.
a. social obligation
b. social responsibility
c. social screening
d. social autonomy
(c; moderate; p. 104)

52. Under the concept of social obligation, the organization _____.
a. does what it can to meet the law, and a little bit more for stakeholders
b. fulfills its obligation to the law and its stakeholders
c. fulfills its obligation to the stakeholders, which makes it fulfill the law, too
d. does the minimum required by law
(d; moderate; p. 102)

53. There is _____ to say that a company's socially responsible actions significantly hurt its long-term economic performance.
a. not any evidence
b. little evidence
c. a lot of evidence
d. mounting evidence
(b; hard; p. 104)

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VALUES-BASED MANAGEMENT

54. _____ is an approach to managing in which managers establish, promote, and practice what an organization stands for and believes in.
    a. Cause-related marketing
    b. Values-based management
    c. Ethical marketing
    d. Belief management
    (b; moderate; p. 107)

55. Values shared among the organizational members can serve as _____.
    a. a reason to follow federal and state environmental laws
    b. guidepost for managerial decisions to invest in new technology
    c. shaping managerial decisions to invest in economic conditions
    d. a guidepost for managerial decisions and actions
    (d; hard; p. 107)

56. A corporation's _____ act(s) as guidepost(s) for managerial decisions and actions.
    a. shared values
    b. team spirit
    c. marketing efforts
    d. industry standards
    (a; moderate; p. 107)

57. Which of the following is <u>true</u> regarding shared corporate values?
    a. Individuals adapt easily to shared corporate values.
    b. Top management dictates shared corporate values.
c. It is not easy to establish shared corporate values.
    d. Most corporations will be unable to successfully establish shared corporate values.
    (c; moderate; p. 108)

THE "GREENING" OF MANAGEMENT

58. The recognition of the close link between an organization's decisions and activities and its impact on the natural environment is referred to as _____.
    a. corporate social responsibility
    b. social responsiveness
    c. shared corporate values
    d. greening of management
    (d; moderate; p. 105)

59. Natural resource depletion, global warming, pollution, and toxic wastes are examples of _____,
    a. social problems
b. global environmental problems
    c. social responsiveness
    d. competitive strategies
    (b; easy; p. 105)

60. Which of the following is <u>not</u> an approach organizations can take with respect to environmental issues?

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a. legal
b. market
c. stakeholder
d. responsibility
(d; moderate; p. 106)

61. With the *stakeholder approach* of dealing with environmental issues, the organization chooses to respond to _____.
a. the demands made by the strongest stakeholders
b. multiple demands made by social stakeholders
c. the demands made by governmental stakeholders
d. multiple demands made by stakeholders
(d; hard; p. 106)

62. The _____ approach to environmental issues is when organizations respond to environmental preferences of their customers.
a. legal
b. market
c. stakeholder
d. responsibility
(b; moderate; p. 106)

63. Which of the following approaches toward environmental issues exhibits the highest degree of environmental sensitivity and is a good illustration of social responsibility?
a. legal approach
b. market approach
c. stakeholder approach
d. activist approach
(d; moderate; p. 106)

64. According to the model of the expansion of an organization's social responsibility, Stage 2 adds an interest in _____.
a. stockholders
b. human resource concerns
c. safe products
d. fair prices
(b; difficult; p. 101)

65. According to the model of the expansion of an organization's social responsibility, Stage 3 is noted by an added interest in _____.
a. stockholders
b. human resource concerns
c. owners
d. customers/suppliers
(d; moderate; p. 101)

MANAGERIAL ETHICS

66. Which of the following is a basic definition of ethics?
a. moral guidelines for behavior
b. rules for acknowledging the spirit of the law
c. rules or principles that define right and wrong conduct
d. principles for legal and moral development

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(c; moderate; p. 110)

67. The _____ is concerned with respecting and protecting individual liberties and privileges such as the rights to privacy, freedom of conscience, free speech, life and safety, and due process.
    a. utilitarian view
    b. rights view
    c theory of justice view
    d. integrative social contracts theory view
    (b; easy; p. 110)

68. Which of the following is not mentioned in the textbook as one of the four perspectives on business ethics?
    a. utilitarian view
b. principled view
    c. rights view
    d. theory of justice view
    (b; difficult; p. 110)

69. How many stage are in the model of an organization's social responsibility progression?
    a. one
    b. two
    c. three
    d. four
    (d; easy; p. 101)

70. The theory of justice view of ethics says that managers are to _____.
    a. be fair to the stockholders by ensuring that they receive an equitable return on their investment
    b. impose and enforce rules fairly and impartially even though it may require that a legal rule or regulation may be violated
    c. impose and enforce rules fairly and impartially and do so by following all legal rules and regulations
    d. impose and enforce rules fairly and impartially as determined by a governmental official
    (c; moderate; p. 110)

71. Which of the following encourages efficiency and productivity and is consistent with the goal of profit maximization?
    a. utilitarian view
    b. principled view
    c. rights view
    d. theory of justice view
    (a; moderate; p. 110)

72. The rights view of ethics is based on which of the following?
    a. decisions based on their outcomes or consequences
    b. the imposition and enforcement of fair and impartial rules
    c. respect and protection of individual liberties and freedoms
    d. the process used to determine the distribution of resources
    (c; moderate; p. 110)

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73. The integrative social contracts theory of ethics is based on which of the following?
    a. the process used to determine the distribution of resources
    b. decisions based on their outcomes or consequences
    c. the imposition and enforcement of fair and impartial rules
    d. the existing ethical norms in industries and corporations
    (d; difficult; p. 110)

74. Studies have shown that most businesspeople tend to hold which attitude toward ethical behavior?
a. the utilitarian view
    b. the rights view
    c. the theory of justice view
    d. the integrative social contract theory view
    (a; moderate; p. 111)

75. Reasoning at the _____ level of moral development indicates that moral values reside in maintaining the conventional order and the expectations of others.
    a. preconventional
    b. conventional
    c. principled
    d. arrival
    (b; easy; p. 111)

76. A personality measure of a person's convictions is _____.
    a. moral development
b. ego strength
    c. locus of control
    d. social desirability
    (b; moderate; p. 112)

77. _____ is a personality attribute that measures the degree to which people believe they control their own fate.
    a. Ego strength
    b. Locus of control
    c. Social responsibility
    d. Social obligation
    (b; easy; p. 112)

78. A manager who believes that "she worked hard and met the productivity goals despite bad weather" is displaying what individual characteristic?
    a. strong self-image
    b. high moral development
    c. low impression management
    d. internal locus of control
    (d; moderate; p. 112)

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79. Which of the following organizational structural characteristics would most likely result in managerial ethical behavior?

a. few job descriptions
b. formal rules
c. mixed messages from authority figures
d. performance appraisal systems focused on outcomes

(b; moderate; p. 113)

80. Which of the following is true concerning the impact of organizational culture on ethical behavior?
a. Low conflict tolerance leads to ethical behavior.
b. A strong culture will support high ethical standards.
c. Conflict tolerance is related to unethical behavior.
d. A culture that is high in control tends to encourage unethical behavior.

(b; moderate; p. 113)

81. Issue intensity, as an issue that affects ethical behavior, is described as which of the following?
a. the characteristics of the ethical issue itself
b. the level of control and influence one has over the event
c. the cultural strength of the organization
d. the organizational structure

(a; difficult; p. 114)

82. Which of the following is <u>not</u> one of the six determinants that are relevant in deciding issue intensity?
a. How great a harm (or benefit) is done to victims (or beneficiaries) of the ethical act in question?
b. What is the probability that your act will be discovered?
c. How much consensus is there that the act is evil (or good)?
d. What is the length of time between the act in question and its expected consequences?

(b; moderate; p. 114)

83. The Foreign Corrupt Practices Act _____ small payoffs to foreign government employees whose duties are primarily administrative or clerical when such payoffs are an accepted part of doing business in that country.
a. encourages
b. expressly prohibits
c. does not expressly prohibit
d. recommends

(c; hard; p. 115)

84. Global organizations must _____ their ethical guidelines so that employees know what is expected of them while working in a foreign location.
a. clarify
b. provide
c. establish
d. reward

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(a; hard; p. 115)

85. The 1977 Foreign Corrupt Practices Act makes it illegal for U.S. firms to _____.
    a. make any cash payment for deferential treatment in a foreign transaction
    b. make any payment over 5 percent of total cost toward administrative overhead in foreign transactions
    c. knowingly corrupt a foreign official
    d. make any payment to foreign clerical or ministerial employees in exchange for service

    (c; difficult; p. 115)

86. Which of the following is <u>not</u> a way for management to reduce unethical behavior?
    a. select individuals with high ethical standards
    b. establish codes of conduct
    c. provide ethics training
    d. monitor employee telephone calls

    (d; moderate; p. 116)

87. A _____ is a formal statement of an organization's primary values and the ethical rules it expects its employees to follow.
    a. mission statement
    b. statement of purpose
    c. code of ethics
    d. vision statement

    (c; moderate; p. 116)

88. Nearly _____ percent of *Fortune* 500 companies have a code of ethics.
    a. 65
    b. 75
    c. 85
    d. 95

    (d; easy; p. 116)

<u>SCENARIOS AND QUESTIONS</u>

For each of the following choose the answer that *most completely* answers the question.

WHAT IS SOCIAL RESPONSIBILITY?

<u>Two Opposing Views of Social Responsibility (Scenario)</u>

The Board of Directors of Acme Generating Corporation is meeting to consider the construction of a new electrical generation facility somewhere along the Muspetan River basin. Director Appleton would like to have it be a coal-burning plant located in a remote area because of the moderate costs of generating and any ash from the smokestacks would not affect the city. Director Witworth wants a nuclear plant located near the city of Muspetan because the city needs the electricity the most and not only does nuclear production the least-expensive generating method but utilizes renewable fuels. Director Jossleman wants a generating plant that uses combustible fuels collected from the city's garbage with the metals and glass sent to recycling and the food materials buried in the city landfill. By locating near the downtown government area, steam could be used for heating the government buildings after it has passed through the generating turbines, and the exhaust would be "scrubbed" to make it clean. He believes that this approach would provide the electricity needed for the growing city, the heat for government buildings, recycling of resources, and minimize the impact on the city's landfill. The other directors have not offered any input to the discussion.

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89. Director Witworth is following which of the social responsibility views?
    a. social responsiveness
    b. social obligation
    c. classical view of social responsibility
    d. socioeconomic view of social responsibility
    (c; moderate; p. 100)

90. Director Appleton is following which of the social responsibility views?
    a. social responsiveness
    b. social obligation
    c. classical view of social responsibility
    d. socioeconomic view of social responsibility
    (d; moderate; p. 100)

91. Director Jossleman being mostly which of the following?
    a. classically social responsible
    b. classically social responsive
    c. socially obligated
    d. socially responsive
    (d; hard; p. 102)

92. To be at Stage 4 in the progression of an organization's social responsibility, Acme Generating Corporation would choose _____.
    a. Director Witworth's proposal
    b. Director Josselman's proposal
    c. Director Appleton's proposal
    d. a proposal that has not yet been submitted to the Board
    (b; hard; p. 101)

An Academic Question (Scenario)

As a university student, you wonder about some of the practices in the university and just how some of these practices should be evaluated in reference to social issues.

93. If your university were paying minimum wage, when necessary, and applying the minimum standard to laws, such as affirmative action, it would be said to have fulfilled its _____.
a. social obligation
    b. social responsibility
    c. social responsiveness
    d. social expectation
    (a; moderate; p. 102)

94. If your university provides job-share programs, builds a day-care facility, and only uses recycled paper, it could be said to be _____.
    a. fulfilling its social obligation
    b. socially aware
c. socially responsive
    d. socially image conscious
    (c; moderate; p. 102)

95. Which of the following is not a reason why it makes sense for your university to continue to be socially responsive?
    a. positive consumer image
    b. lower cost

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c. more dedicated workforce
d. more motivated workforce
(b; easy; p. 102)

96. If your state legislature criticized your university for incurring the cost of being socially responsive, the university might point to a series of studies that indicates that the relationship between corporate social involvement and economic performance is _____.

a. very negative
b. negative
c. neutral
d. positive
(d; moderate; p. 102)

97. Your university has tried to promote the establishment of shared values so that all members will understand its beliefs. The university has established _____ management.
a. values-based
b. image
c. socially respectable
d. MBO
(a; easy; p. 112)

Summing Up Social Responsibility (Scenario)

Max Proffit, Director of Research and Development for National Products Company, has learned that a new material has been developed in his department that appears as though it will work in several products already being manufactured by National Products Company. He has discussed the potential savings with his two assistants, Susie Merriweather, and Moe Gaines, and Rush Onward, vice president of Product Development. Susie has stated her opposition to the use of the new product because its durability and flame retardance have not completed testing and have not been certified by the company's third-party testing laboratory. Moe argues that the initial tests that their R&D department have run indicated minimal problems with both durability and flame retardance. Rush stated that he has been in several meetings lately where the need to increase earnings-per-share have been repeatedly emphasized by the company president. Rush has told Max that a decision has to be made within the week about the new product's use by National Products Company.

FACTORS THAT AFFECT MANAGERIAL ETHICS

98. If Max resists his impulse to okay use of the product because of the need for increased earnings-per-share, though it has not been certified, he probably _____.
a. will be demoted to a lower-paying job
b. has a strong ego strength

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c. will lose Susie as an employee because she will quit
d. has an external locus of control
(b; hard; p. 112)

99. If Max approves use of the product because of perceived pressure for the need of increased earnings-per-share, though it has not been certified, he probably _____.
a. has a strong ego strength
b. is using the socioeconomic view of social responsibility
c. has an internal locus of control
d. has an external locus of control
(d; hard; p. 112)

100. Susie's opposition to the use of the new product is an indication that she probably _____.
a. has an internal locus of control
b. has an external locus of control
c. has a weak ego strength
d. is using the classical view of social responsibility
(a; moderate; p. 112)

101. Moe Gaines' support in favor of using the new product is an indication that he probably _____.
a. supports "greening" of the organization's profits
b. has a strong ego strength
c. has a weak ego strength
d. is using the socioeconomic view of social responsibility
(c; hard; p. 112)

ETHICS IN AN INTERNATIONAL CONTEXT

The Fee (Scenario)

Isaac Razzlefrat has been the Import and Export Manager for Overseas Exports Company of New Orleans, Louisiana, in a foreign country during the last 5 years. During this time, he has become quite familiar with the national laws and with the local culture when sending goods through the Customs Inspectors step of the import/export process. Isaac has learned that the Customs Inspectors are paid low wages. He has also become well acquainted with the Administrator of Customs for Imports and Exports in this country. Because of these familiarities, he has learned that it is a normal practice to pay the Customs Inspectors a payment prior to their accepting the goods for inspection. Isaac has decided to pay an additional small "fee" to the Customs Inspectors when he has a rush order that needs to pass through customs quickly. Isaac recently learned that his competitor from Utibana is also making monthly payments to the Administrator of Customs, though other companies are not.

102. Under the Foreign Corrupt Practices Act, the normal practice of payments to the Customs Inspectors is _____.
a. against the law regardless of it being a normal practice
b. okay because they receive low wages and it is an accepted part of doing business in that country
c. okay because their duties are primarily clerical in nature
d. against the law because it could lead to smuggling of contraband out of the country
(b; moderate; p. 115)

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103. If Isaac were to make a monthly payment to the Administrator of Customs as his competitor from Utibana is doing, under the Foreign Corrupt Practices Act he would be _____.
   a. okay within the law, because his competitor has made it a common practice
   b. in violation of the law because it could lead to smuggling of contraband out of the country
   c. in violation of the law because the Administrator in not in an administrative or clerical duty position that normally receives payments
   d. okay within the law if the payment unless the payment is in excess of $1,000
   (c; hard; p. 115)

104. When Isaac makes the small "fee" payments to get a rush order through the customs, under the Foreign Corrupt Practices Act he could be _____.
   a. in violation of the law because of it not being a normal practice
   b. okay because they receive low wages
   c. okay because their duties are primarily clerical in nature
   d. in violation of the law because it could lead to smuggling of contraband out of the country
   (a; hard; p. 115)

105. When Isaac follows the normal practice of payments to the Customs Inspectors, he probably feels as though _____.
   a. his ego strength is weak
   b. his ego strength is strong
   c. his locus of control is internal
   d. his locus of control is external
   (d; hard; p. 112)

An Academic Question (Scenario)

You have just witnessed accounting errors at your company that are significant in nature. In making your decision on whether or not to come forward, there are four major theories that you can use in going about making your decision. The following four questions present different ways in which you will make your ethical decision.

106. This theory uses a quantitative method for making ethical decisions by looking at how to provide the greatest good for the greatest number of people.
   a. Theory of justice of ethics
   b. Integrative social contracts
   c. Right view of ethics
   d. Utilitarian view of ethics
   (d; easy; p. 110)

107. Under this approach, managers impose and enforce rules fairly and impartially and do so by following all legal rules and regulations. A manager using this theory would decide to provide the same rate of pay to individuals who are similar in their level of skills, performance, gender, and so on.
   a. Theory of justice of ethics

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b. Integrative social contracts
c. Right view of ethics
d. Utilitarian view of ethics
(a; moderate; p. 110)

108. This theory of ethics is concerned with respecting and protecting individual liberties and privileges such as the right to privacy.
a. Theory of justice of ethics
b. Integrative social contracts
c. Right view of ethics
d. Utilitarian view of ethics
(c; moderate; p. 110)

109. This theory proposes that ethical decisions be based on existing ethical norms in industries and communities in order to determine what constitutes right and wrong.
a. Theory of justice of ethics
b. Integrative social contracts
c. Right view of ethics
d. Utilitarian view of ethics
(b; moderate; p. 110)

Ethics Training (Scenario)

You are an employee of a very large company and when walking through the halls you constantly hear one of your male coworkers call any female employee, "babe." There have been many complaints and the company has decided to use this as an ethical training example.

110. The company brings in help from outside to evaluate the situation. There are routine evaluations that are performed regularly, called _____.
a. ethical training sessions
b. formal protective mechanisms
c. independent social audits
d. informal behavior modification
(c; easy; p. 119)

111. An alternative for the organization to provide formal means that protect employees who face ethical dilemmas so that they can do what's right without fear of reprimand would be _____.
a. ethical training sessions
b. formal protective mechanisms
c. independent social audits
d. informal behavior modification
(b; moderate; p. 119)

The Environmental Study (Scenario)

You have just been challenged by your supervisor to study and report your finding on approaches that organizations use when dealing with the environment. Your boss tells you to study the four major approaches, differentiate between them, and report to him in a week.

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112. This approach deals with organization responding to the environment because of the preferences of their customers.
a. stakeholder approach
b. market approach
c. legal approach
d. activist approach
(b; easy; p. 106)

113. Under this approach, the organization works to meet the environmental demands of multiple groups of people including employees, suppliers, or the community.
a. stakeholder approach
b. market approach
c. legal approach
d. activist approach
(a; easy; p. 106)

114. Under this approach, organizations exhibit little environmental sensitivity. They obey rules and regulations willingly without legal challenge and may even try to use these rules to their own advantage.
a. stakeholder approach
b. market approach
c. legal approach
d. activist approach
(c; easy; p. 106)

115. Under this approach, the organization looks for ways to respect and preserve the earth and its natural resources.
a. stakeholder approach
b. market approach
c. legal approach
d. activist approach
(d; easy; p. 106)

Moral Development (Scenario)

You have had serious ideas of late about stealing money from petty cash in order to get back on top of your back rent. Upon reading Chapter 5 of the textbook, you learn there are levels of moral development each composed of two stages. You are ashamed of your thoughts and read more to see where you are in terms of your own moral development.

116. At this level, a person's choice between right or wrong is based on personal characteristics involved, such as physical punishment, reward, or exchange of favors. What level are you in with these characteristics?
a. principled level
b. preconventional level
c. conventional level
d. value level
(b; moderate; p. 111)

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117. Ethical reasoning at this level indicates that moral values reside in maintaining expected standards and living up to the expectations of others. This level is referred to as _____.
a. principled level
b. preconventional level
c. conventional level
d. value level
(c; moderate; p. 111)

118. At this level, individuals make a clear effort to define moral principles apart from authority of the groups to which they belong or society in general. This level is referred to as _____.
a. principled level
b. preconventional level
c. conventional level
d. value level
(a; moderate; p. 112)

MULTIPLE-CHOICE QUESTIONS
For each of the following choose the answer that *most completely* answers the question.

THE DECISION-MAKING PROCESS

30. Decision making is (simplistically) typically described as which of the following?
a. deciding what is correct
b. putting preferences on paper
c. choosing among alternatives
d. processing information to completion
(c; moderate; p. 134)

31. A series of eight steps that begins with identifying a problem and decision criteria and allocating weights to those criteria; moves to developing, analyzing, and selecting an alternative that can resolve the problem; implements the alternative; and concludes with evaluating the decision's effectiveness is the _____.
a. decision-making process
b. managerial process
c. maximin style
d. bounded rationality approach
(a; easy; p. 134)

32. A(n) _____ is the existence of a discrepancy between existing and a desired state of affairs.
a. opportunity
b. solution
c. weakness
d. problem
(d; easy; p. 134)

33. The first step in the decision-making process is which of the following?
a. developing decision criteria
b. allocating weights to the criteria
c. analyzing alternatives
d. identifying a problem
(d; moderate; p. 134)

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34. In identifying the problem, a manager _____.
    a. compares the current state of affairs with where they want to be
    b. expects problems to be defined by neon lights
    c. looks for discrepancies that can be postponed
    d. will not act when there is pressure to make a decision
    (a; easy; p. 135)

35. The process of selecting decision criteria is accomplished by _____.
    a. massaging the data that will support a given decision
    b. flipping a coin to produce a 50-50 chance of being right
    c. determining what is relevant in making the decision
    d. examining the difference in the opportunities available
    (c; challenging; p. 136)

36. Which of the following statements is true concerning problem identification?
    a. Problems are generally obvious.
    b. A symptom and a problem are basically the same.
    c. Well-trained managers generally agree on what is considered a problem.
    d. The problem must be such that it exerts some type of pressure on the manager to act.
    e. To be considered a problem, managers must be aware of the discrepancy but not have the resources necessary to take action.
    (d; moderate; p. 134)

37. If all criteria in the decision making are equal, weighting the criteria _____.
    a. improves decision making when large numbers of criteria are involved
    b. is not needed
    c. produces excellent decisions
    d. improves the criteria
    (b; easy; p. 136)

38. The final step in the decision-making process is to _____.
    a. pick the criteria for the next decision
    b. reevaluate the weightings of the criteria until they indicate the correct outcome
    c. evaluate the outcome of the decision
    d. reassign the ratings on the criteria to find different outcomes
    (c; challenging; p. 138)

39. Which of the following must be present in order to initiate the decision-making process?
    a. plenty of time
    b. pressure to act
    c. a lack of authority
    d. a lack of resources
    (b; moderate; p. 134)

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40. To determine the _____, a manager must determine what is relevant or important to resolving the problem.
    a. geocentric behavior needed
    b. number of allowable alternatives
    c. weighting of decision criteria
    d. decision criteria
    (d; moderate; p. 136)

41. Which of the following is the step in the decision-making process that follows identifying a problem and decision criteria?
    a. allocating weights to the criteria
    b. analyzing the alternatives
    c. selecting the best alternative
    d. implementing the alternative
    (a; moderate; p. 136)

42. In allocating weights to the decision criteria, which of the following is helpful to remember?
    a. All weights must be the same.
    b. The total of the weights should sum to 1.0.
    c. Every factor criterion considered, regardless of its importance, must receive some weighting.
    d. Assign the most important criterion a score, and then assign weights against that standard.
    (d; difficult; p. 136)

43. In Step 6 of the decision-making process, each alternative is evaluated by appraising it against the _____.
    a. subjective goals of the decision maker
    b. criteria
    c. assessed values
    d. implementation strategy
    (b; moderate; p. 138)

44. Selecting an alternative in the decision-making process is accomplished by _____.
    a. choosing the alternative with the highest score
    b choosing the one you like best
    c. selecting the alternative that has the lowest price
    d. selecting the alternative that is the most reliable
    (a; easy; p. 138)

45. _____ includes conveying a decision to those affected and getting their commitment to it.
    a. selecting an alternative
    b. evaluation of decision effectiveness
    c. implementation of the alternatives
    d. analyzing alternatives
    (c; moderate; p. 138)

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46. Which of the following is important in effectively implementing the chosen alternative in the decision-making process?
    a. getting upper-management support
    b. double-checking your analysis for potential errors
    b. allowing those impacted by the outcome to participate in the process
    d. ignoring criticism concerning your chosen alternative
    (c; moderate; p. 138)

47. Which of the following is the final step in the decision-making process?
    a. identifying the problem
    b. evaluating the decision's effectiveness
    c. identifying decision criteria
    d. selecting an alternative that can resolve the problem
    (b; easy; p. 138)

48. Which of the following is important to remember in evaluating the effectiveness of the decision-making process?
    a. ignore criticism concerning the decision-making process
    b. you may have to start the whole decision process over
    c. Restart the decision-making process if the decision is less than 50 percent effective.
    d. Ninety percent of problems with decision making occur in the implementation step.
    (b; difficult; p. 138)

THE MANAGER AS DECISION MAKER

49. Managers are assumed to be _____; they make consistent, value-maximizing choices within specified constraints.
    a. rational
    b. leaders
    c. organized
    d. satisficers
    (a; easy; p. 139)

50. It is assumed that a perfectly rational decision maker _____.
    a. does not follow rational assumptions
    b. does not consider value maximizing as an objective
    c. offers inconsistent decisions
    d. would be objective and logical
    (d; moderate; p. 139)

51. Rational managerial decision making assumes that decisions are made in the best _____ interests of the organization.
    a. economic
    b. pay-off
    c. statistical
    d. budgetary
    (a; moderate; p. 139)

52. Managers can make rational decisions if _____.
    a. the problem is simple
    b. the goals are clear

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c. the alternatives are limited
d. all of the above
(d; challenging; p. 140)

53. Managers can make rational decisions if _____.
a. the costs of finding and evaluating alternatives is low
b. the organizational culture does not encourage risk taking
c. outcomes are concrete and measurable
d. a and c
(d; challenging; p. 140)

54. Which of the following is not a valid assumption about rationality?
a. the problem is clear and unambiguous.
b. a single well-defined goal is to be achieved.
c. preferences are clear.
d. preferences are constantly changing.
(d; difficult; p. 140)

55. In "bounded rationality," managers construct _____ models that extract the essential features from problems.
a. multiple
b. binding
c. interactive
d. simplified
(d; difficult; p. 140)

56. According to the textbook, because managers can't possibly analyze all information on all alternatives, managers _____, rather than _____.
a. maximize; satisfice
b. maximize; minimize
c. satisfice; minimize
d. satisfice; maximize
(d; moderate; p. 140)

57. When managers circumvent the rational decision-making model and find ways to satisfice, they are following the concept of _____.
a. jurisprudence
b. bounded rationality
c. least-squared exemptions
d. self-motivated decisions
(b; moderate; p. 140)

58. The type of decision making in which the solution is considered "good enough" is known as which of the following?
a. intuition
b. rationalization
c. maximizing
d. satisficing
(d; moderate; p. 140)

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59. When a decision maker chooses an alternative under perfect rationality, she chooses a _____ decision, whereas under bounded rationality she chooses a _____ decision.
a. minimizing; satisficing
b. satisficing; maximizing
c. maximizing; satisficing
d. maximizing; minimizing
(c; difficult; p. 140)

60. An increased commitment to a previous decision despite evidence that it may have been wrong, is referred to as _____.
a. economies of commitment
b. escalation of commitment
c. dimensional commitment
d. expansion of commitment
(b; moderate; p. 141)

61. Managerial decisions are strongly influenced by _____.
a. the organization's culture
b. internal politics
c. power considerations
d. all of the above
(d; easy; p. 141)

62. Intuitive decision making is _____.
a. not utilized in organizations
b. a conscious process based on accumulated judgment
c. making decisions based on experience, feelings, and accumulated judgment
d. important in supporting escalation of commitment
(c; moderate; p. 141)

63. In studying intuitive decision making, researcher have found that _____.
a. managers do not make decisions based on feelings or emotions
b. managers use data from their subconscious mind to help make their decisions
c. rational thinking always works better than intuitive
d. accumulated experience does not support intuitive decisions
(b; moderate; p. 141)

64. According to the textbook, all of the following are aspects of intuition except _____.
a. experienced-based decisions
b. affect-initiated decisions
c. cognitive-based decisions
d. programmed decisions
(d; easy; p. 141)

65. According to the textbook, _____ are straightforward, familiar, and easily defined problems.
a. poorly structured problems

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structured problems

c. unique problems
d. nonprogrammed problems
(b; moderate; p. 142)

66. Structured problems align well with which type of decision making?
a. programmed
b. satisficing
c. intuition
d. gut feeling
(a; moderate; p. 142)

67. The most efficient way to handle structured problems is through _____ decision making.
a. linear
b. unique
c. focused
d. programmed
(d; moderate; p. 142)

68. _____ decision making is relatively simple and tends to rely heavily on previous solutions.
a. Nonprogrammed
b. Linear
c. Satisficing
d. Programmed
(d; moderate; p. 142)

69. Programmed decision making tends to rely on which of the following?
a. the problem solver's ability to think on his or her feet
b. the development of a clear set of alternative solutions
c. previous solutions
d. identification of the actual problem
(c; easy; p. 142)

70. A procedure _____.
a. is an explicit statement detailing exactly how to deal with a decision
b. is a series of interrelated sequential steps to respond to a structured problem
c. is a set of guidelines that channel a manager's thinking in dealing with a problem
d. allows a manager to use broad decision-making authority
(b; moderate; p. 142)

71. A _____ is an explicit statement that tells a manager what he or she can or cannot do.
a. procedure
b. policy
c. rule
d. solution
(c; moderate; p. 142)

72. A policy _____.
a. typically contains an ambiguous term
b. is used frequently when a manager faces a well-structured problem
c. allows little discretion on the part of the manager

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d. offers strict rules as to how a problem should be solved
(a; moderate; p. 142)

73. Which of the following factors contrasts the difference between a policy and a rule?
a. a policy establishes parameters
b. a rule establishes parameters
c. a policy is more explicit
d. a rule is more ambiguous
(a; difficult; p. 142)

74. According to the textbook, a _____ typically contains an ambiguous term that leaves interpretation up to the decision maker.
a. system
b. rule
c. solution
d. policy
(d; moderate; p. 142)

75. A business school's statement that it "strives for productive relationships with local organizations" is an example of a _____.
a. rule
b. policy
c procedure
d. commitment
(b; moderate; p. 142)

76. Poorly structured problems _____.
a. are easily solved
b. present new or unusual circumstances
c. force managers to deal with incomplete or ambiguous information
d. b and c
(d; moderate; p. 143)

77. Nonprogrammed decisions are best described as _____.
a. recurring, but difficult to make
b. very similar to problems in other areas of the organization
c. requiring more aggressive action on the decision maker's thought processes
d. unique and nonrecurring
(d; moderate; p. 143)

78. When problems are _____, managers must rely on _____ in order to develop unique solutions.
a. well structured; nonprogrammed decision making
b. well structured; pure intuition
c. poorly structured; nonprogrammed decision making
d. poorly structured; programmed decision making
(c; moderate; p. 143)

79. Which of the following terms is associated with nonprogrammed decisions?
a. unique
b recurring
c. routine
d. repetitive
(a; moderate; p. 143)

80. Lower-level managers typically confront what type of decision making?

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a. unique
b. nonroutine
c. programmed
d. nonprogrammed
(c; moderate; p. 142)

81. When lower-level managers deal with well-structured problems and they rely on procedures and rules to solve the problems, this refers to a relationship between types of problems and types of decisions known as _____.
a. preprogramming
b. focused decision making
c. integration
d. separation
(c; moderate; p. 143)

82. Which of the following is likely to make the most programmed decisions?
a. the CEO of PepsiCo.
b. the vice president of General Motors Cadillac Division.
c. the head of the Minute Maid Division at Coca-Cola.
d. the manager of the local McDonald's.
(d; easy; p. 142)

83. Which of the following is an accurate statement concerning the impact of programmed decisions on organizations?
a. They maximize the need for managers to exercise discretion.
b. They decrease the need for high-cost managerial talent.
c. They increase the amount of judgment needed by managers.
d. They decrease organizational efficiency.
(b; moderate; p. 142)

84. _____ is a situation in which a manager can make accurate decisions because the outcome of every alternative is known.
a. Certainty
b. Risk
c. Uncertainty
d. Maximax
e. Maximin
(a; easy; p. 144)

85. If an individual knows the price of three similar cars at different dealerships, he or she is operating under what type of decision-making condition?
a. risk
b. uncertainty
c. certainty
d. factual
(c; easy; p. 144)

86. Nonprogrammed decisions are typically made under a condition of _____.
a. certainty
b. low levels of risk
c. uncertainty

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d. reliability
(c; moderate; p. 145)

87. Organizational efficiency is improved by the use of _____.
a. programmed decisions
b. nonprogrammed decisions
c. less planning
d. lower expectations and lower demands by top manager
(a; moderate; p. 142)

88. A retail clothing store manager who estimates how much to order for the current spring season based on last spring's outcomes is operating under what kind of decision-making condition?
a. seasonal
b. risk
c. uncertainty
d. certainty
(b; difficult; p. 142)

89. _____ is a situation in which a decision maker has neither certainty nor reasonable probability estimates available.
a. Certainty
b. Risk
c. Uncertainty
d. Maximax
(c; easy; p. 145)

90. A person at a horse racetrack who bets all of his/her money on the odds-based long shot to "win" (rather than "place" or "show") is making what kind of choice?
a. maximax
b. maximin
c. minimax
d. minimin
(a; moderate; p. 146)

91. Which of the following best describes "maximizing the minimum possible payoff"?
a. maximax
b. maximin
c. minimax
d. minimin
(b; moderate; p. 146)

92. An individual making a "maximin" type of choice has what type of psychological orientation concerning uncertain decision making?
a. optimist
b. realist
c. pessimist
d. satisficer
(c; moderate; p. 146)

93. Which of the following would best describe the psychological orientation of an individual making a "maximax" type of choice?
a. optimist

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b. realist
c. pessimist
d. satisficer
(a; moderate; p. 146)

94. Optimistic managers could be expected to utilize their maximax orientation when they _____.
a. maximize the maximum payoff
b. maximize the minimum payoff
c. minimize the maximum regret
d. minimize the minimum regret
(a; easy; p. 146)

95. According to the textbook, a manager who desires to minimize his or her maximim "regret" will opt for a _____ choice.
a. maximax
b. maximin
c. minimax
d. minimin
(c; moderate; p. 146)

96. All of the following are mentioned in the textbook as decision-making styles except _____>
a. directive
b. egotistical
c. analytic
d. conceptual
(b; moderate; p. 147)

SCENARIOS AND QUESTIONS

For each of the following choose the answer that *most completely* answers the question.

THE DECISION-MAKING PROCESS

Decisions, Decisions (Scenario)

Sondra needed help. Her insurance company's rapid growth was necessitating making some changes, but what changes? Should they add to the existing information system? Buy a new system? She was given the responsibility of analyzing the company's present information system and decide what the company should do that would give them plenty of room. She was confused and needed help in making the correct decision.

97. According to the decision-making process, the first step Sondra should take would be to _____.
a. analyze alternative solutions
b. identify decision criteria
c. evaluate her decision's effectiveness
d. identify the problem
(d; moderate; p. 134)

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98. According to the decision-making process, the second step Sondra should take would be to _____.
    a. analyze alternative solutions
    b. identify decision criteria
    c. evaluate her decision's effectiveness
    d. allocate weights to the criteria
    (b; moderate; p. 136)

99. The very last step Sondra should take, according to the decision-making process, would be to _____.
    a. analyze alternative solutions
    b. select alternatives
    c. implement the alternative
    d. evaluate the decision's effectiveness
    (d; easy; p. 138)

100. When Sondra is conveying her decision to those affected and getting their commitment to it, she is performing which step in the decision-making process?
    a. analyzing alternative solutions
    b. selecting alternatives
    c. implementing the alternative
    d. identifying the problem
    (c; moderate; p. 138)

101. Allocating weights to the criteria is the step in the decision-making process that occurs between identifying the decision criteria and _____.
    a. developing the alternatives
    b. selecting alternatives
    c. implementing the alternative
    d. identifying the problem

    (a; difficult; p. 138)

Colleen is a student, and her older brother has loaned her an old car. The car is in need of several repairs before she will feel comfortable driving it.

102. Colleen needs a vehicle, but she has to decide if the vehicle is worth repairing. She is facing a(n) _____, a discrepancy between an existing and a desired state of affairs.
    a. alternative
    b. weighted problem set
    c. problem
    d. certainty avoidance situation
    (c; moderate; p. 134)

103. In talking with an automotive repair person, Colleen needs to prioritize the repairs. Her first concern is safety of the vehicle. This step in the decision-making process is called _____.
    a. weighting the decision criteria
    b. analysis of alternatives
    c. identification of decision criteria
    d. selection of an alternative
    (c; moderate; p. 136)

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104. Colleen decides to have all of the problems fixed on the car. She assumes that the repair person has found all the problems and that there will be no problem correcting the imperfections within a specified budget. This is an example of a _____ decision.
a. parochial
b. irrational
c. ethical
d. rational
(d; challenging; p. 139)

105. Colleen's brother has a different view of the repairs. He assumes that the repair person is using the best information available, but there may be other unexpected repairs that might surface and that a higher budget might be more reasonable. He is using _____.
a. rational decision making
b. risk avoidance
c. bounded rationality
d. Stage 4 decision making
(c; challenging; p. 140)

106. Colleen's brother feels the car is worth repairing because he has owned several cars made by the same manufacturer as this car, and he has driven this car for several years. He is using _____ to decide the car has value despite of its need of repair.
a. intuitive decision making
b. selective coordination of thought processes
c. sunk costs
d. return on investment
(a; challenging; p. 141)

THE MANAGER AS A DECISION MAKER

The First Job (Scenario)

Upon graduation, you search for a job with the university's job placement center. Although you have studied and prepared to work in an advertising agency, the first job that you are offered is a supervisor in a manufacturing company working the afternoon shift from 3:00 P.M. until 11:00 P.M.

107. Although the job in the manufacturing firm was good enough, you acted in a _____ manner by accepting a job.
a. self-righteous
b. boundedly rational
c. satisfactory
d. liberal
(b; moderate; p. 140)

108. If you had made a larger search using the Internet and other employment search processes, you might have been able to find more employment opportunities. This would have been a more _____ decision-making process.
a. nonprogrammable
b. uncertain

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c. risky
d. perfectly rational
(d; moderate; p. 139)

109. Under bounded rationality, you would be expected to search for a job by _____.
a. looking at all the opportunities that can be analyzed in the time available
b. looking at all the opportunities available
c. looking "outside the box" in your search
d. analyzing all the opportunities until you find the perfect job
(a; challenging; p. 140)

110. If you use a shortened process of searching for a job, it is likely you _____ rather than maximized in your decision process.
a. minimized
b. rationalized
c. satisficed
d. agreed
(c; challenging; p. 140)

111. During your job search, you depend on _____ decision making by making your decision on accumulated judgment and experience.
a. experiential
b. legal
c. intuitive
d. formidable
(c; challenging; p. 141)

THE MANAGER AS DECISION MAKER

Is the Picture Clear? (Scenario)

Sharon was the regional manager of a large cable television company. She faced many problems and decisions daily, such as how to price each market, who to hire, what kind of technology she should purchase, and how she should handle increasing customer complaints. She needed some help sorting these issues out.

112. Unfortunately, Sharon also faces issues containing information that is ambiguous or incomplete, such as what kind of technology to purchase. These are known as _____ problems.
a. poorly structured
b. variable
c. random
d. hit-and-miss
(a; moderate; p. 142)

113. When a customer calls and requests a refund for a partial month's usage of cable, the fact that such situations are routine and most likely have a standard response would make the response a _____ decision.
a. standard
b. routine
c. policy
d. programmed
(d; moderate; p. 142)

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114. Sometimes Sharon follows a _____, a series of interrelated sequential steps for responding to a structured problem.
    a. rule
    b. policy
    c. procedure
    d. suggestion
    (c; moderate; p. 142)

115. Sometimes Sharon instructs her local managers to follow _____ when confronted with problem situations These establish parameters for the manager making the decision rather than specifically stating what should or should not be done.
    a. rules
    b. procedures
    c. policies
    d. orders
    (c; moderate; p. 142)

Decision-Making Conditions (Scenario)

Sandy Jo is the manager for TrucksRUs, a medium-sized hauling service located in the Southeast. She is responsible for scheduling trucks, initiating new routes, and staffing both existing and new routes. She is currently struggling with existing information about the profitability of existing and future truck routes.

116. Joe, Sandy Jo's best driver, tells her that he believes he can estimate that there is a 75 percent probability that they can get the business of Pork Brothers, Inc. if they initiate a truck route through rural North Carolina. Joe is operating under a condition of _____.
    a. certainty
    b. risk
    c. uncertainty
    d. maximax
    (b; difficult; p. 144)

117. Sandy Jo can make accurate decisions if she is willing to pay $5,000 for research about the profitability of various truck routes. If she pays for the research, she believes that she is operating under a condition of _____.
    a. certainty
    b. risk
    c. uncertainty
    d. maximax
    (a; difficult; p. 144)

118. Sandy Jo knows that she is operating in an uncertain environment. She is basically an optimist, and we would, therefore, expect her to follow a _____ strategy.
    a. certainty
    b. risk
    c. uncertainty
    d. maximax
    (d; moderate; p. 146)

119. Sandy Jo knows that she is operating in an uncertain environment. She is basically a pessimist, and we would, therefore, expect her to follow a _____ strategy.
    a. certainty
    b. risk

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c. minimax
d. maximin
(d; moderate; p. 146)

120. Sandy Jo wishes to minimize her regret and will probably opt for a _____ strategy.
a. certainty
b. risk
c. minimax
d. maximax
(c; moderate; p. 146)

Managing Your Career (Scenario)

Michelle has a new job and is learning to perform the tasks assigned to her. Different situations demand different decision-making processes.

121. Michelle finds a situation that instructs her in specific, interrelated, sequential steps to respond to a problem. This is referred to as a _____.
a. rule
b. policy
c. broad guideline
d. procedure
(d; challenging.; p. 142)

122. Michelle finds a company directive that specifically restricts her from taking certain actions. This is a _____.
a. rule
b. policy
c. broad guideline
d. procedure
(a; moderate; p. 142)

123. As she learns the general guidelines of the job, Michelle is given more decision-making authority. The guidelines establish parameters for decision making and are referred as a _____.
a. rule
b. policy
c. broad guideline
d. procedure
(b; challenging; p. 142)

124. Michelle eventually finds a problem that has no cut-and-dry solution. The problem is unique and will never occur again. This problem is referred to as _____.
a. flexible
b. programmed
c. adaptable
d. nonprogrammed
(d; moderate; p. 143)

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MULTIPLE-CHOICE QUESTIONS

For each of the following, choose the answer that *most completely* answers the question.

What Is Planning?

28. Planning involves defining the organization's goals, establishing an overall strategy for achieving those goals, and developing a comprehensive set of plans _____.
    a. as to which shift will perform what work functions
    b. to determine which manager will be over which department
    c. to integrate and coordinate organizational work
    d. to establish the quality and quantity of work to be accomplished
    (c; difficult; P. 158)

29. Informal planning is _____.
    a. performed at the lowest organizational level
    b. general and lacks continuity
    c. developed in informal meetings at a resort
    d. specific and is developed by the middle managers for their department
    (b; easy; p. 158)

30. In formal planning, _____.
    a. specific goals covering a period of years are defined
    b. specific goals are developed and not written
    c. general goals are developed and not written
    d. general goals covering an unspecified period of years are defined
    (a; easy; p. 158)

31. Formal planning involves which of the following aspects?
    a. developing general objectives
    b. planning for up to one year
    c. writing objectives
    d. distributing the plan to all managerial employees
    (c; moderate; p. 158)

32. In informal planning, _____ sharing of goals with others in the organization.
    a. everything may be written down, but there is little or no
    b. everything is written down, and there is
    c. nothing is written down, and there is little or no
    d. nothing is written down, therefore management does a lot of
    (c; difficult; p. 158)

Why Do Managers Plan?

33. Planning gives direction, reduces the impact of change, minimizes waste and redundancy, and _____.
    a. establishes the workloads for each of the departments
    b. sets the basis used for promotion of individuals within the organization
    c. eliminates departments that are found to not be needed within the plan
    d. sets the standards used in controlling
    (d; moderate; p. 159)

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34. Planning can't eliminate change. Managers plan in order to _____.
    a. be prepared for when changes in management at the top occurs
    b. anticipate changes and develop the most-effective response to changes
    c. decide what needs to be done when a change in environments happen
    d. have the appropriate materials available when the demand for them comes about
    (b; moderate; p. 159)

35. The effect of planning on managers is that it forces them to do which of the following?
    a. react to change
    b. consider the impact of change
    c. respond indiscriminately
    d. develop bureaucratic response models
    (b; moderate; p. 159)

36. Generally speaking, which of the following factors least constrains high performance in planning organizations?
    a. quality of planning
    b. extent of planning
    c. implementation of plans
    d. environmental factors
    (a; difficult; p. 159)

37. Studies of performance in organizations that plan have reached _____.
    a. somewhat negative conclusions regarding the benefits of planning
    b. generally mixed conclusions regarding the benefits of planning
    c. generally negative conclusions regarding the benefits of planning
    d. generally positive conclusions regarding the benefits of planning
    (d; difficult; p. 159)

38. The quality of the planning process and the appropriate implementation of the plans probably _____.
    a. don't contribute to high performance nearly as much as the extent of planning
    b. contribute more to high performance than does the extent of planning
    c. contribute less to high performance than does the extent of planning
    d. should be studied more to factually determine which contributes the most
    (b; difficult; p. 159)

39. Governmental regulations, powerful labor unions, and other critical environmental forces constrain managers' options and _____.
    a. reduce the impact of planning on an organization's performance
    b. increase the impact of planning on an organization's performance
    c. neutralize the impact of planning on an organization's performance
    d. don't affect the impact of planning on an organization's performance
    (a; moderate; p. 159)

40. In studies in which formal planning did not lead to higher performance, _____.
    a. the external environment often was the culprit
    b. management execution of the plans was most often the reason for failure
    c. employee implementation of the plans was the primary reason for failure

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d. lack of communication was most often the reason for failure
(a; moderate; p. 159)

How Do Managers Plan?

41. Planning is often called the primary management function because it _____.
a offers some basis for future decision making
b. creates the vision for the organizational members to work toward
c. establishes the basis for all the other functions
d. sets the tone for the organizational culture
(c; difficult; p. 160)

42. Planning involves two important elements: _____.
a. goals and decisions
b. goals and plans
c. plans and decisions
d. goals and actions
(b; moderate; p. 160)

43. Official statements of what an organization says and what it wants its various stakeholders to believe are referred to as _____.
a. real goals
b. stated goals
c. committed goals
d. comprehensive goals
(b; moderate; p. 161)

44. Which of the following is true concerning an organization's stated objectives?
a. They issue identical objectives to all constituents.
b. Organizations typically have internal and external sets of objectives.
c. They may issue different objectives to stockholders, customers, employees, and the public.
d. Stated objectives are usually in line with short-term actions.
(c; moderate; p. 161)

45. What should a person do to understand what the real objectives of the organization are?
a. observe organizational member actions
b. attend a stockholders' annual meeting
c. read their annual report
d. watch television news reports
(a; moderate; p. 162)

46. When we categorize plans as being directional versus specific, we are categorizing them by _____.
a. breadth
b. specificity
a. frequency of use
d. depth
(b; easy; p. 163)

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47. When we categorize plans as being single use versus standing, we categorize them by _____.
a. breadth
b. specificity
c. frequency of use
d. time frame
(c; easy; p. 163)

48. A state legislative plan that calls for a 2.45 percent increase in tobacco sales tax for the next 2 years would be considered what type of plan?
a. strategic
b. operational
c. specific
d. directional
(c; moderate; p. 163)

49. Directional plans do which of the following?
a. have clearly defined objectives
b. identify general guidelines
c. meet the needs of a unique situation
d. last for 3–5 years
(b; moderate; p. 163)

50. Which of the following is true concerning standing plans?
a. They provide guidance for activities repeatedly performed in the organization.
b. They provide guidance for 1–3 years.
c. They specify general guidelines.
d. They are specifically designed to meet the needs of a unique situation.
(a; moderate; p. 163)

51. A city's policy concerning skateboarding on downtown sidewalks that provides guidance for police action would be considered what type of plan?
a. standing
b. contingency
c. directional
d. single use
(a; difficult; p. 163)

52. The most common ways to describe organizational plans are by their breadth, time frame, specificity and _____.
a. quantifiability
b. flexibility
c. frequency of use
d. attainability
(c; easy; p. 162)

53. What happens to traditional goals as they make their way down from top management to lower levels?
a. they lose clarity and unity
b. they unite the workforce
c. lower-level managers must continually revise and correct them.
d. they purposely remain vague and nonspecific.
(a; moderate; P. 164)

54. Goals are objectives, _____.

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a. and we use the two terms interchangeably
b. but goals are long-term and objectives are short-term
c. and goals are used by top management and objectives are used by first-level management
d. but goals are used in reference to profits, and objectives are used in reference to production output

(a; easy; p. 160)

55. Plans are documents that outline how goals are going to be met and _____.
a. define which department has what responsibilities needed to accomplish the goals
b. tell what materials and processes are necessary to fulfill the goals
c. identify how much capital is required to complete the goals
d. describe resource allocations, schedules, and other necessary actions to accomplish the goals

(d; difficult; p. 160)

56. Emphasis on one goal _____.
a. assures that the one goal will be accomplished even above the established level
b. ignores other goals that must also be reached if long-term success is to achieved
c. make the goal easier to be accomplished by all the organizational members
d. denies the organizational members the opportunity to grow and develop

(b; difficult; p. 160)

57. Using a single objective can result in unethical practices because managers _____.
a. want to satisfy the stockholders of the organization
b. will manipulate the outcomes reported to assure that the one objective is achieved
c. will ignore other important parts of their jobs in order to look good on that one measure
d. will use overtime to accomplish that single objective without reporting it

(c; difficult; p. 160)

58. Stated goals are official statements of what an organization says its goals are and _____.
a. what it wants its various stakeholders to believe its goals are
b. are the goals that the organization actively works to achieve
c. what it wants its stockholders to believe its goals are
d. what it believes its goals are

(a; moderate; p. 161)

59. The most popular ways to describe organizational plans are by their breadth, time frame, _____.
a. depth, and urgency
b. frequency, and urgency
c. specificity, and frequency
d. depth, and specificity

(c; difficult; p. 162)

60. Strategic plans are plans that apply to the entire organization, establish the organization's overall goals, and _____.

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a. guide the organization toward maximizing organizational profits for the stockholders
b. attempt to satisfy all government regulations while maximizing profits
c. satisfy the organization's stakeholders
d. seek to position the organization in terms of its environment
(d; difficult; p. 162)

61. Operational plans specify the details of _____.
a. what department performs which functional process to accomplish the goals
b. what materials are required for which product being produced
c. when each product model is to be produced
d. how the overall goals are to be achieved
(d; difficult; p. 162)

62. Strategic plans tend to cover a longer period of time than operational goals and also _____.
a. cover a more narrow view of the organization
b. cover the financial projections of the planning period
c. cover a broader view of the organization
d. include an estimate of the profits that the stockholder can anticipate as dividends
(c; moderate; p. 162)

63. Specific plans are clearly defined and _____.
a. allow managers to their interpretation for flexibility
b. leave no room for interpretation
c. give the managers authority to interpret the plans for their area of responsibility
d. keep the stakeholders inform of the organization's objectives
(b; moderate; p. 163)

64. Directional plans are _____.
a. flexible plans that set out general guidelines
b. stringent plans that establish specific directions for manager to follow
c. formal plans that provide the directions of how to assemble the product
d. general plans that allow the workers to change the schedule of production
(a; easy; p. 163)

65. Standing plans are ongoing plans that provide _____.
a. general directions of how to accomplish an identifiable task
b. stakeholders identifiable goals that the organization will always strive to achieve
c. the stockholders identifiable goals that the organization will always strive to achieve
d. guidance for activities performed repeatedly
(d; moderate; p. 163)

66. Goals are often called _____.
a. the basis for all the other functions
b. managements' do or die objectives
c. a lot of other names by various organizations
d. the foundation of planning
(d; moderate; p. 160)

67. _____ can evaluate whether an organization is successful.
a. A goal is the only measure that
b. No single measure
c. Plans are also a measure that

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d. Stakeholders are the only groups that
(b; moderate; p. 160)

68. The conflict in stated goals exists because organizations respond to a variety of _____.
a. stakeholders
b. external environments
c. governmental regulations
d. stockholders
(a; difficult; p. 161)

69. Strategic plans cover a broader view of the organization and include the formulation of goals, whereas operational plans define ways to _____.
a. maximize the organization's profits
b. achieve the goals
c. minimize the number of employees that have to be laid off in hard times
d. provide the most efficient methods of production
(b; moderate; p. 162)

70. The flexibility inherent in directional plans must be weighed against the _____.
a. gain of a shorter planning period by specific plans
b. gain of a longer planning provided by specific plans
c. loss of clarity provided by specific plans
d. loss of a shorter planning period by specific plans
(c; easy; p. 163)

71. _____ is a one-time plan specifically designed to meet the needs of a unique situation.
a. Multipurpose plan
b. Strategic plan
c. Operational plan
d. Single-use plan
(d; easy; p. 163)

72. _____ planning dominates managers' planning efforts at lower levels of the organization.
a. Strategic
b. Tactical
c. Operational
d. Functional
(c; easy; p. 162)

Establishing Goals and Developing Plans

73. With traditional goal setting, the goals are set at the top level of management and _____.
a. then they become the responsibility of first-line management to achieve the goals
b. then they are broken down into subgoals for each level of the organizatio
c. all the efforts to achieve the goals are directed by top management to ensure that they are achieved
d. then they are delegated to the next lower level to be achieved
(b; difficult; p. 164)

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74. With traditional goal setting, employees' work efforts at their respective levels and work areas are geared to meet the goals _____.
    a. so that the top management will be retained in their position
    b. so that their immediate supervisor will be retained in their position
    c. that have been assigned in their specific areas of responsibility
    d. within the shortest amount of time possible
    (c; moderate; p. 164)

75. Management by objectives is a management system in which the first steps are setting specific performance goals that are _____.
    a. established that can be easily accomplished
    b. jointly determined by employees and their managers
    c. determined by top management with clarity so that the objective are clear to even the most incompetent employee
    d. developed in such a manner that the employees are self-directed and do not need supervision
    (b; moderate; p. 165)

76. Studies of actual MBO programs confirm that MBO _____ employee performance and organizational performance.
    a. depends on
    b. is related to
    c. decreases
    d. increases
    (d; moderate; p. 165)

77. According to the textbook, one of the potential problems of MBO programs is that _____.
    a. there may be an overemphasis on the employee accomplishing their goals without regards to others in the work unit
    b. they may not be as effective in times of dynamic environmental change
    c. employees do not take goal setting seriously enough
    d. all of the above
    (d; moderate; p. 165)

78. In the MBO system, _____.
    a. objectives are determined by management
    b. goals are only reviewed at the time of completion
    c. goals are used as controls
    d. progress is periodically reviewed
    (d; moderate; P. 165)

79. A well-designed goal should be _____.
    a. short and very specific about expected outcomes
    b. written in terms of outcomes rather than actions
    c. identifiable to even the first-line supervisors
    d. specific and within a manageable time frame
    (b; moderate; p. 166)

80. A well-designed goal should be measurable, have a specified time frame, and be _____.

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a. written down
b. nearly unattainable, so that even if the unit or employee misses their goal, performance is still very high
c. communicated to anyone who needs to know
d. both a and c
(d; moderate; p. 166)

81. When organizational members are more actively involved in planning, they see that the plans _____.
a. stated to stakeholders are the real plans that the organization desires to achieve
b. are not as important as management makes them out to be
c. are how the company is going to be judged by the stockholders
d. are more than just something written down on paper
(d; moderate; p. 169)

82. When the hierarchy of organizational goals is clearly defined, it forms an integrated network of goals, or _____.
a. hierarchical-link chain
b. means-ends chain
c. weakest-link chain
d. level-level chain
(b; easy; p. 164)

83. Three contingency factors that affect planning are level in the organization, degree of environmental uncertainty, and _____.
a. length of future commitments
b. quantity of future commitments
c. frequency of future commitments
d. enforceability of future commitments
(a; moderate; p. 168)

84. The commitment concept means that plans should extend far enough to meet those commitments _____.
a. as quickly as possible
b. while the resources are available
c. with the stakeholders and make it appear that the organization is really committed
d. made when the plans were developed
(d; moderate; p. 168)

85. Three contingency factors cited by your textbook that affect planning are level in the organization, length of future commitments, and _____.
a. risk aversion of management
b. employee satisfaction
c. level of productivity
d. degree of environmental uncertainty
(d; moderate; p. 168)

86. How an organization plans can be best understood by looking at _____.
a. the goals set out by the organization's planners
b. who does the planning
c. the flexibility of the organization's plans
d. none of the above

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(a; easy; p. 169)

87. In the traditional approach to planning, planning was done entirely by top-level managers who were often assisted by _____.
    a. business level managers
    b. functional level managers
    c. a mixture of managers from the line, functional, and business level
    d. a group of planning specialists
    (d; easy; p. 169)

88. Goals provide the direction for all management decisions and actions and form the _____.
    a. profit basis that the organizations will accomplish for stockholders
    b. desired outcomes that the organizational members will achieve
    c. basis for the sharing of profits with the employees at the end
    d. criterion against which actual accomplishments are measured
    (d; difficult; p. 164)

CONTEMPORARY ISSUES IN PLANNING

89. According to your textbook, frequently cited criticisms of formal planning include, _____.
    a. "plan's can't be developed for a dynamic environment"
    b. "formal planning is too time consuming, given the dyamism in modern business environments"
    c. "formal planning creates extra, often redundant levels of hierarchy within the organization"
    d. "formal planning works well only for large, diversified companies"
    (a; moderate; p. 170)

90. It is _____ formal planning efforts when the environment is highly uncertain.
    a. not as important to continu rarely verbalized e
    b. important to switch to directional planning and cease
    c. necessary to cease
    d. important to continue
    (d; difficult; p. 172)

91. A wireless networking technology called WiFi that links together information devices is _____.
    a. threatening to revolutionize all kinds of industries
    b. making organizational planning much easier
    c. complicating the planning process, but will be improving communications
    d. an integral component of planning for the *Fortune* 500 companies
    (a; moderate; p. 171)

92. According to your textbook, in an uncertain environment, managers want to develop _____ plans.
    a. general and flexible
    b. specific but flexible
    c. formal

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d. contingency
(b; moderate; p. 172)

93. As organizational environments have become more uncertain, _____.
a. organizations are having to make longer term plans
b. organizations have to resist the uncertainties to keep the plans moving toward the objectives
c. organizations have to request the government to pass more legislation restricting the amount of uncertainty
d. the definition of long term has changed
(d; moderate; p. 171)

94. In an uncertain environment, managers want to develop plans that are _____.
a. flexible but manageable
b. specific and long ranging
c. directional but flexible
d. specific but flexible
(d; moderate; p. 171)

95. The organizational hierarchy becomes flattened as the responsibility for establishing goals and developing plans is _____.
a. moved to the middle organizational levels
b. shoved the lowest organizational levels
c. shifted to a formal planning department
d. more the work of the financial department
(b; moderate; p. 172)

96. According to your textbook, in order to manage effectively in dynamic environment, managers must recognize that planning is _____.
a. an ongoing process
b. not renewable from one planning period to the next
c. best left to the formal planning department
d. best done at the beginning of a new year
(a; easy; p. 172)

SCENARIO QUESTIONS

For each of the following, choose the answer that *most completely* answers the question.

WHAT IS PLANNING?

It's Academic (Scenario)
You are the Academic Dean for a small liberal arts college. The university president has asked you to develop a plan for the college. He wants a plan covering the next 5 years, and he wants it to be as specific as possible, yet not overly constrain flexibility.

97. Your plan will have specific objectives covering a period of 5 years along with specific action plans for achieving of these objectives. Your plan could best be described as _____.
a. contractual
b. formal
c. defined

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d. standard
(b; moderate; p. 158)

98. The President has expressed concern regarding the impact of planning on the ability of the organizational to respond to emerging changes in the higher education environment, such as distance learning and corporate universities. You should tell the President that planning has what kind of effect?
    a. forces managers to look at the present
    b. forces managers to anticipate change
    c. managers can't really consider the impact of change
    d. planning increases uncertainty
    (b; easy; p. 158)

99. Due to the many colleges and universities in your area, the President has expressed concern about sharing too many details regarding specific goals and action programs beyond top administration and the board of regents. According to your textbook, you should suggest that _____.
    a. goals must be shared with organization members to be effective
    b. because of the intense competition in your area, you agree with his position
    c. strategic goals and plans should never leave the boardroom under any circumstances—loose lips sink ships
    d. information could be leaked through the press and the Internet over time, so that employees will become aware of plans
    (a; easy; p. 158)

HOW DO MANAGERS PLAN?

E-Biz Dreams (Scenario)

Robert Downs has just completed a Master of Science degree in Computer Science at Major State University. He now wants to begin a new Internet business selling his services as a Web site maker for companies in his home city, St. Louis. He estimates that within 1 year, if his business idea is a success, that, at a minimum, he will be employing 10 programmers and 2 analysts.

100. To make his business successful, he will first have to develop which type of plans?
    a. operational plans
    b. specific plans
    c. directional plans
    d. strategic plans
    (d; moderate; p. 162)

101. To clarify how the overall goals are to be achieved, he will have to develop which type of plans?
    a. operational plans
    b. specific plans
    c. directional plans
    d. strategic plans
    (a; moderate; p. 162)

102. To ensure that the organization's objectives are clearly defined and do not leave room for interpretation, he will have to develop which type of plans?
    a. operational plans

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b. specific plans
c. directional plans
d. strategic plans
(b; moderate; p. 163)

103. To provide the programmers and analyst general guidelines about the efficiencies that are desired, he will have to develop which type of plans?
a. operational plans
b. specific plans
c. directional plans
d. strategic plans
(c; moderate; p. 163)

A Business Plan (Scenario)

Imagine that you are the owner of a small company that sells typewriters, business equipment, and computer hardware. You employ about 40 people. You know that the organization needs to move in a different direction, and you want to set some long-term goals for the company. You want to write something that will cover the next 3 years only, knowing that business needs change somewhat frequently. Your goal is to write something that provides direction, but does not contain extremely well-defined, potentially restrictive objectives.

104. The fact that your plan covers three years suggests your plan is most consistent with what type of plan?
a. specific
b. long term
c. operational
d. strategic
(d; moderate; p. 163)

105. Your plan will cover the entire organization. This characteristic is most consistent with what type of plan?
a. specific
b. long term
c. standard
d. strategic
(d; moderate; p. 163)

Planning Factors (Scenario)

As vice president of a local manufacturer, you are interested in developing a new organizational plan. However, you are unsure about several factors. You are not sure who you should assign to the varying planning tasks. At the same time, several other issues that could deeply affect your business are pending, including rising interest rates and the potential formation of a new employee union. You must also consider your firm's contracts with large vendors that extend 5 years into the future.

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106. For the most part, you should assign the operational planning activities to _____.
a. line staff
b. top managers
c. lower-level managers
d. middle managers
(c; moderate; pp. 162-163)

107. Which plans should you and other top management members be working on?
a. operational
b. specific
c. overall
d. strategic
(d; moderate; pp. 162-163)

108. Uncertainty regarding the effects of unionization and rising interest rates on your business suggests that the plans need to be _____.
a. specific
b. directional
c. focused
d. objective
(b; difficult; p. 163)

109. The issues that may deeply impact your business such as rising interest rates, the potential formation of a new employee union and the firm's contracts with large vendors, are examples of _____ factors that affect planning.
a. environmental
b. noncontrollable
c. outside
d. contingency
(d; moderate; p. 168)

Retail Planning (Scenario)

Mr. Tyler Nall is President and CEO of what should be considered a major retailing chain that is about to begin operations. During the last couple of months he has been working to lay out directions for the managers of the stores, which will exist in major cities across the United States. Their stores will sell home furnishings that are considered moderately priced for the average-income buyer. Mr. Nall and his vice presidents have decided that each store should have sales equal to or greater than $100 per square foot, per day. To attract an adequate number of customers, the store should be:

- located in an out-parcel of a major shopping mall;
- the mall must attract an average of at least 10,000 customers daily;
- all stores are to be well-maintained both inside and out;
- displays arranged in room settings;
- well-lit, throughout the store;
- open from 9 A.M. to 9 P.M. Monday–Saturday, and 1 P.M. to 5 P.M. Sunday;
- sales personnel should be clean-cut, friendly, and wear appropriate business attire.

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110. The primary task that Mr. Nall and the vice presidents have been performing during the last couple of months is known as _____.
   a. laying out ideas
   b. making plans
   c. establishing networks
   d. designing the stores
   (b; easy; p. 160)

111. The statement that each store should have sales equal to or greater than $100 per square, foot per day is an example of _____.
   a. a specific plan
   b. a directional plan
   c. a goal
   d. management by objectives
   (c; moderate; p. 160)

112. The statement that all stores should be well-maintained both inside and out is an example of a _____.
   a. directional plan
   b. specific plan
   c. stated goal
   d. real goal
   (a; hard; p. 163)

113. Because the environmental conditions in which home furnishing stores operate are generally stable, the statements intended to attract customers would most likely be considered to be _____.
   a. operational plans
   b specific plans
   c. directional plans
   d. strategic plans
   (d; moderate; p. 162)

114. Nall's goal for each store of $100 per square foot, per day has several of the characteristics of a well-designed goal. First, it is written in terms of outcomes and not actions. Second, this goal is measurable and quantifiable. According to your textbook, what else can Nall do to improve the design of this goal?
   a. specify a time frame for achieving this goal
   b. ensure the goal is attainable
   c. communicate this goal to every single employee of the organization
   d. A and B only
   (a; difficult; p. 166)

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ESTABLISHING GOALS AND DEVELOPING PLANS

A-Z Planning (Scenario)

Organizations ABC and XYZ are both in the same industry and vie for the same set of customers in the marketplace. Within ABC, the plans are made at the top level of management each year and then are formulated for and announced to each of the mid-level and first-level managers. At XYZ, the plans are made at the top and then those managers meet with their subordinates at the next level and mutually agreed-to goals are established with them. The mid-level managers then meet with their first-level managers and mutually agreed-to goals are established with them. The first-level managers then meet with each of their employees and mutually agreed-to goals are established with them.

115. Because these plans only cover a 1-year period, they are considered to be which type of plans?
    a. operational plans
    b. specific plans
    c. directional plans
    d. strategic plans
    (a; moderate; p. 162)

116. The planning approach used at the ABC organization is which of the following?
    a. Management by Objectives
    b. directional planning
    c. specific planning
    d. traditional planning
    (d; moderate; p. 164)

117. The planning approach used at the XYZ organization is which of the following?
    a. directional planning
    b. Management by Objectives
    c. traditional planning
    d. specific planning
    (b; moderate; p. 165)

118. Which organization is most likely to have the highest employee performance and organizational productivity?
    a. Neither, as they are both in the same industry and facing the same environments.
    b. Organization ABC, because the plans are formulated by management for each level of the organization.
    c. Organization XYZ, because the employees participated in the planning process and know specifically what their objectives are.
    d. Neither, because the hierarchy of organizational goals is clearly defined at each level.
    (c; moderate; p. 165)
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119. Assuming company XYZ's hierarchy of goals are clearly defined, the resulting integrated network of goals is also called _____.
    a. unity of command
    b. a means-end chain
    c. management by objectives
    d. none of the above
    (b; moderate; p. 164)

MULTIPLE-CHOICE QUESTIONS

For each of the following choose the answer that *most completely* answers the question.

THE IMPORTANCE OF STRATEGIC MANAGEMENT

29. Strategic management is _____.
    a. a set of managerial decisions and actions
    b. oriented to short-run performance of an organization

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c. a process that is done best if it is done quickly
d. all of the above
(a; moderate; p. 180)

30. Strategic management uses the management function(s) _____.
a. planning and leading
b. organizing
c. controlling
d. all of the above
(d; easy; p. 180)

31. According to your textbook, studies of the factors that contribute to organizational performance have shown _____ relationship between strategic planning and performance.
a. no
b. a mixed
c. a negative
d. a positive
(d; easy; p. 181)

32. Currently strategic practices are not viable for _____.
a. hospitals
b. government agencies
c. nonprofit organizations
d. none of the above
(d; moderate; p. 181)

33. _____ is the collection of managerial decisions and actions that determine the long-run performance of an organization.
a. Planning
b. Goal-oriented management
c. Strategic management
d. Leadership
(c; moderate; p. 180)

THE STRATEGIC MANAGEMENT PROCESS

34. In the first step of strategic management, the mission of the firm answers the question, _____
a. What business should we be in?
b. What is our reason for being in business?
c. Who are our customers?
d. Who are our creditors?
(b; moderate; p. 182)

35. In the first step of strategic management, identifying the current strategies and goals provide _____.
a. a foundation for planning
b. measurable performance targets for employees
c. a basis to determine if the goals need to be changed

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d. all of the above
(d; difficult; p. 183)

36. In analyzing the environment, managers should know _____.
a. what the competition is doing
b. the competition's stock price
c. pending legislation that might affect the organization
d. A and C are correct.
(d; moderate; p. 183)

37. Managers have completed the second step in strategic management, analysis of the environment, when they _____.
a. have an accurate picture of what is happening in the external environment
b. have beat the competition's latest product or service to market
c. are aware of the trends that might affect the organization
d. only a and c are true
(d; moderate; p. 184)

38. Step 4 of strategic analysis involves _____.
a. selecting strategies that minimize or correct organizational weaknesses
b. developing and evaluating strategic alternatives
c. selecting strategies that exploit organizational strengths
d. all the above
(d; difficult; p. 185)

39. An example of a core competence of a firm is _____.
a. an ability to serve the needs of a particular target market on a large scale
b. communicating with customers in their own languages worldwide
c. developing least-squared exemptions within its accounting system
d. only a and b are true
(d; moderate; p. 184)

40. _____ are the organization's major value-creating skills, capabilities, and resources that determine the organization's competitive weapons.
a. Strengths
b. Opportunities
c. Core competencies
d. Weaknesses
(c; moderate; p. 184)

41. The third step in strategic management is identification of strengths and weaknesses and is related to analysis of _____.
a. the external environment
b. the internal environment
c. the alternatives the firm faces
d. time pressures involved in serving the customer
(b; moderate; p. 184)

42. Relative to the organization's culture, a manager must be aware that _____.
a. strong and weak cultures have different effects on the strategy
b. the content of a culture has a major effect on the strategies that can be pursued
c. unimportant factors can support escalation of commitment to strategies

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d. a and b
(d; difficult; p. 184)

43. The merging of the analyses of internal and external factors influencing the organization's strategy is known as _____.
a. complete studies
b. organizational behavior and theory
c. definitional analysis
d. SWOT analysis
(d; easy; p. 185)

44. Formulating strategies, the fourth step in strategic planning, is complete when managers have developed a set of strategies that _____.
a. support and complement each other
b. give the organization relative advantage over its rivals
c. give the organization the most favorable competitive edge
d. all of the above
(b; moderate; p. 185)

45. The final step in strategic planning answers the question, _____
a. How effective have our strategies been?
b. What business have we been in?
c. What business should we have we been in?
d. How much money have we lost?
(a; moderate; p. 186)

46. When an organization is analyzing its labor supply, it is studying its _____.
a. organizational culture
b. internal environment
c. external environment
d. organizational structure
(c; moderate; p. 183)

47. _____ and _____ are outcomes from a study of the external environment.
a. Threats; weaknesses
b. Strengths; weaknesses
c. Weights; measures
d. Opportunities; threats
(d; moderate; p. 184)

48. If a bank estimates the capabilities of its training and development department employees prior to implementing a new training program designed to change their method of providing customer service, it is completing what step in the strategic management process?
a. identifying opportunities and threats
b. identifying the organization's current mission
c. identifying strengths and weaknesses
d. formulating strategy

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(c; moderate; p. 184)

49. In the strategic management process, any organizational skills or resources that are exceptional or unique are the organization's _____.
    a. strength basis
    b. opportunities
    c. core competencies
    d. skill niches
    (c; moderate; p. 184)

50. Which of the following is one of the drawbacks to a strong organizational culture that a manager should consider when completing the strategic management process?
    a. it can be more difficult to change
    b. employees have less understanding of the planning process
    c. employee attitudes tend to be strong, but their organizational values are weak
    d. it cancels out any organizational distinctive competence
    (a; easy; p. 185)

TYPES OF ORGANIZATIONAL STRATEGIES

51. Corporate-level strategy determines _____.
    a. what businesses a company should be in or wants to be in
    b. what environment a company should be in or wants to be in
    c. the roles each business unit in an organization will play in the overall strategy
    d. only a and c are true
    (d; moderate; p. 187)

52. _____ strategy determines what businesses an organization should be in.
    a. Business-level
    b. Organizational
    c. Operational-level
    d. Corporate-level
    (d; moderate; p. 187)

53. A(n) _____ strategy addresses organizational weaknesses, helps stabilize operations, and revitalizes organizational resources and capabilities.
    a. unrelated diversification
    b. horizontal integration
    c. vertical integration
    d. retrenchment
    (d; moderate; p. 189)

54. There are three main types of growth strategies, _____.
    a. concentration, integration, and diversification
    b. concentration, integration, and exfoliation
    c. integration, diversification, and infiltration
    d. concentration, integration, and focus
    (a; easy; p. 187)

55. When an organization attempts to combine with other organizations in the same industry, the strategy is known as a _____ strategy.
    a. growth

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b. horizontal integration
c. vertical integration
d. stability
(b; moderate; p. 188)

56. When an organization attempts to combine with other organizations in different, but associated industries, the strategy is known as a _____ strategy.
a. growth
b. horizontal integration
c. vertical integration
d. related diversification
(d; moderate; p. 188)

57. When an organization attempts to combine with other organizations in different and disassociated industries, the strategy is known as a _____ strategy.
a. unrelated diversification
b. horizontal integration
c. vertical integration
d. stability
(a; moderate; p. 188)

58. When PepsiCo seeks to integrate the strategies of Pepsi, 7-Up International, and Frito-Lay, it is developing what level of business strategy?
a. functional
b. system
c. management
d. corporate
(d; moderate; p. 187)

59. An organization that is diversifying its product line is exhibiting what type of grand strategy?
a. stability
b. retrenchment
c. growth
d. maintenance
(c; moderate; p. 188)

60. If United Airlines merged with Northwest Airlines, this would be an example of what kind of grand growth strategy?
a. horizontal integration
b. acquisition
c. expansion
d. vertical integration
(a; difficult; p. 188)

61. Which of the following describes a company growing by combining with other organizations in the same industry?
a. forward vertical integration
b. backward vertical integration
c. horizontal integration
d. unrelated diversification
(c; moderate; p. 188)

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62. According to the textbook, a stability strategy is particularly appropriate when _____.
    a. the firm is facing slow or no-growth opportunities
    b. the industry is in a state of rapid upheaval
    c. both a and b
    d. neither a or b
    (c; moderate; p. 189)

63. Which of the following is part of the principles upon which SBUs are based?
    a. Each business unit serves no more than three product market segments.
    b. The strategy is defined at the corporate level.
    c. The strategy may be inconsistent with overall organizational needs.
    d. Each serves a clearly defined product-market segment.
    (d; moderate; p. 190)

64. In the Boston Consulting Group matrix, a _____ does not consume or produce much cash and holds little or no improved performance.
    a. cash cow
    b. star
    c. dog
    d. question mark
    (c; moderate; p. 190)

65. In the Boston Consulting Group matrix, a business unit that exists in a low anticipated growth rate and a high market share is known as a _____.
    a. cash cow
    b. star
    c. dog
    d. question mark
    (a; moderate; p. 190)

66. In the Boston Consulting Group matrix, a business unit that exists in a high anticipated growth rate and a low market share is known as a _____.
    a. cash cow
    b. star
    c. dog
    d. question mark
    (d; moderate; p. 190)

67. Which of the four business groups in the corporate portfolio matrix has low growth and high market share?
    a. question marks
    b. dogs
    c. cash cows
    d. stars
    (c; moderate; p. 190)

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68. Business-level strategy determines _____.
    a. what businesses a company should be in or wants to be in
    b. what environment a company should be in or wants to be in
    c. how an organization should compete in each of its strategic business units
    d. all of the above
    (c; moderate; p. 190)

70. _____ strategy determines how an organization should compete in each of its businesses.
    a. Business-level
    b. Organizational
    c. Operational-level
    d. Corporate-level
    (a; moderate; p. 190)

71. Michael Porter proposes that some _____ are inherently more profitable than others.
    a. companies
    b. industries
    c. SBUs
    d. individuals
    (b; easy; p. 192)

72. Which of the following is not a force in the Porter's five forces model of industry attractiveness?
    a. opportunity for new entrants
    b. opportunity for substitutes
    c. bargaining power of suppliers
    d. sustainable competitive advantage for customers
    (d; moderate; p. 193)

73. Differentiation as a strategy requires a firm to _____.
    a. aggressively search out efficiencies to maintain the lowest cost structure
    b. be unique in its product offering
    c. aim at a cost advantage in a niche market
    d. aim to be similar to its competition in all operations
    (b; difficult; p. 194)

74. Cost leadership as a strategy requires a firm to _____.
    a. aggressively search out efficiencies to maintain the lowest cost structure
    b. be unique in its product offering
    c. aim at a cost advantage in a niche market
    d. aim to be similar to its competition in most operations
    (a; difficult; p. 193)

75. A focus strategy requires that a firm have _____.
    a. sustained capital investment and access to capital
    b. strong marketing abilities
    c. strong basic research skills
    d. a reputation for quality or technological leadership
    (a; difficult; p. 192)

76. According to Porter's competitive strategies framework, which of the following strategies seeks to be unique in its product offering and in its industry in ways that are widely valued by customers?

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a. cost leadership
b. differentiation
c. focus
d. "stuck in the middle"
(b; moderate; p. 194)

77. Michael Porter's competitive strategies framework identifies three generic competitive strategies: cost leadership, differentiation, and _____.
a. depth
b. breadth
c. revenue growth
d. focus
(d; moderate; p. 194)

78. A firm that is "stuck in the middle" cannot develop a strategy of _____.
a. differentiation
b. focus
c. cost leadership
d. B and D are correct.
(d; moderate; p. 194)

79. In Michael Porter's five forces model of competition, _____ is determined by the height of barriers to entry, such as economies of scale and brand loyalty.
a. threat of substitutes
b. threats of new entrants
c. bargaining power of buyers
d. bargaining power of suppliers
(b; difficult; p. 193)

80. In Michael Porter's five forces model of competition, _____ is determined by the degree of supplier concentration and substitute inputs.
a. threat of substitutes
b. threat of new entrants
c. bargaining power of buyers
d. bargaining power of suppliers
(d; difficult; p. 193)

81. In Michael Porter's five forces model of competition, _____ is determined by the industry growth rate, increasing or falling demand, and product differences.
a. threat of substitutes
b. threats of new entrants
c. bargaining power of buyers
d. existing rivalry
(d; difficult; p. 193)

82. All of the following are mentioned in the textbook as companies that have used the low-cost leader strategy except _____.
a. Wal-Mart
b. Hyundai
c. Southwest Airlines
d. Dell Computer Corporation
(d; moderate; p. 194)

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83. Industry growth rate, increasing or falling demand, and product differences are factors that represent which of the following competitive forces, according to Porter?

a. threat of new entrants
b. threat of substitutes
c. bargaining power of buyers
d. existing rivalry
(d; moderate; p. 193)

84. Functional-level strategy directly supports _____.
a. corporate-level strategy
b. business-level strategy
c. differentiation strategy
d. focus strategy
(b; difficult; p. 194)

85. An organization is said to have _____ when it has several different businesses that are independent and that formulate their own strategies.
a. operational units
b. strategic business units
c. competitive advantages
d. legal subunits
(b; moderate; p. 191)

86. An example of _____ is when an organization possesses a characteristic that sets itself apart from competitors, and this gives the firm a distinct edge.
a. core competence
b. competitive power
c. legal propriety
d. competitive advantage
(d; difficult; p. 191)

87. To a degree, an organization's commitment to quality and continuous improvement can differentiate it from competitors, but constant improvement and reliability of an organization's products and/or services may result in a competitive advantage that is _____.
a. weighted
b. sustainable
c. conservative
d. uncertain
(b; difficult; p. 192)

88. Switching costs and buyer loyalty are examples of strategic forces that determine the _____.
a. threat of substitutes
b. threats of new entrants
c. bargaining power of buyers
d. bargaining power of suppliers
(a; difficult; p. 193)

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89. The premise of the rule of three, is that _____.
    a. no industry can support more than three "super niche players"
    b. there are usually only three "full line generalists"
    c. three companies usually dominate the majority of market share
    d. b and c
    (d; moderate; p. 195)

90. The rule of three says that most markets evolve _____.
    a. in spurts
    b. rapidly
    c. in a curvilinear fashion
    d. in a cyclical fashion
    (d; moderate; p. 196)

91. According to the textbook, senior managers must decide whether or not the emphasis of their innovation efforts is going to be upon _____.
    a. basic research
    b. product innovation
    c. process development
    d. all of the above
    (d; moderate; p. 199)

92. Process development strategies seek to achieve a competitive advantage by _____.
    a. looking for ways to enhance existing work processes
    b. making the firm more efficient
    c. making the firm more effective
    d. a and b
    (d; easy; p. 199)

93. An Internet based knowledge management system that resulted in shorter customer response times would be one e-business technique that contributes to the competitive advantage of a _____.
    a. cost leader
    b. differentiator
    c. focuser
    d. star
    (b; moderate; p. 197)

94. According to the textbook, the first organization to bring a product or service to market is often referred to as the _____.
    a. prime player
    b. market leader
    c. first mover
    d. trailblazer
    (c; easy; p. 199)

95. According to the textbook, customer service strategies involve giving the customer what they want, effective communication, and _____.

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a. providing employees with incentives and bonuses for good service
b. providing employees with customer service training
c. commitment from upper management
d. none of the above
(b; moderate; p. 198)

SCENARIO QUESTIONS

For each of the following choose the answer that *most completely* answers the question.

THE STRATEGIC MANAGEMENT PROCESS

SWOT Analysis (Scenario)

As a process of self-examination during her senior year of college, Casey decides to develop a SWOT analysis of her prospects relative to getting a job.

96. Casey realizes that she has a personal characteristic that suggests she is not comfortable interacting with strangers. She interprets this as a(n) _____ if she is get a job as a salesperson.
a. alternative
b. strength
c. weakness
d. opportunity
(c; moderate; p. 186)

97. Casey majored in marketing and really enjoyed studies in market research. Through research on the Internet and in the university library, she discovers that this industry appears to have significant positive external trends. She interprets this as a(n) _____.
a. alternative
b. strength
c. weakness
d. opportunity
(d; moderate; p. 186)

98. Casey begins outlining her 5-year career goals. These should include _____.
a. the type of job she would like to have
b. how many people she would like to be managing
c. the salary she would like to be making
d. all of the above
(d; difficult; p. 186)

99. Casey finally outlines a 5-year career action plan. This consists of _____.
a. actions required to accomplish her career goals
b. statements of what she will need to do to accomplish her career goals
c. definitions of assistance she will need and how she will acquire the assistance
d. all of the above
(d; moderate; p. 186)

100. Casey has been involved in _____ at a personal level.
a. opportunity analysis
b. risk avoidance
c. strategic planning

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d. Stage decision making
(c; easy; p. 186)

TYPES OF ORGANIZATIONAL STRATEGIES

Powerballs (Scenario)

Colleen invested a dollar in the Powerball Lottery and won $60 million. Subsequently, she decides to start her own business.

101. Initially she begins a business that has a single-line business. She realizes that this organization will need a _____ strategy.
a. business-level
b. organizational
c. operational-level
d. corporate-level
(a; moderate; p. 190)

102. Colleen decides that she wants to assemble lawn mowers. She decides that she wants a business to develop a distinctive edge in producing high-quality lawn mowers. This emphasis on quality is to be so strong that her company will have a _____ that will set her company apart from her competition.
a. core competence
b. competitive power
c. legal propriety
d. competitive advantage
(d; difficult; p. 191)

103. Colleen is successful after the first 3 years, and she is approached by a competitor who is nearing retirement age. The competitor is interested in selling his business to Colleen. For Colleen, this would be a(n) _____ strategy.
a. unrelated diversification
b. horizontal integration
c. vertical integration
d. retrenchment
(b; difficult; p. 188)

104. Before Colleen can purchase her competitor's business, she finds another business opportunity in a supplier who sells her wheels for lawnmowers. This would serve her as a(n) _____.
a. unrelated diversification
b. horizontal integration
c. vertical integration
d. related diversification
(d; difficult; p. 188)

105. A business broker hears that Colleen is interested in purchasing a business and approaches her with an offer to sell her a company that owns a patent on a new roofing product and who installs this new roofing in the southwestern United States. If she buys this firm, she will be using a(n) _____ strategy.
a. unrelated diversification
b. horizontal integration
c. vertical integration
d. related diversification
(a; difficult; p. 188)

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106. No matter which business Colleen decides to buy, she intends to operate each business independently and allow each to determine its own strategy. This will mean that each company will be a(n) _____.
   a. operational unit
   b. strategic business unit
   c. competitive advantage
   d. legal subunit
   (b; moderate; p. 191)

Un Taco Pequeno (Scenario)

Imagine that you are the president of Taco Rocket, a new and successful chain of 100 Mexican fast-food restaurants. The success you have experienced in the last 5 years has you thinking of what to do with the business next. Should you expand the business at the current rate? Open new and different restaurants? What?

107. Because of the good profits and a fear of growing too fast, you decide to keep Taco Rocket in the same business and do not change the menu, hoping to retain the same market share and return-on-investment record. This would be considered a _____ strategy.

   a. stability
   b. growth
   c. combination
   d. diversification
   (a; easy; p. 188)

108. If you decided to purchase a local five-store hardware chain because it was a good investment, this would be an example of _____.
   a. a lateral growth strategy
   b. a combination purchase
   c. related diversification
   d. unrelated diversification
   (d; moderate; p. 188)

109. If you decided to concentrate on Taco Rocket's primary business, only increasing the menu to include new items such as enchiladas and rice bowls, this would be an example of what type of growth strategy?
   a. lateral growth
   b. horizontal integration
   c. concentration
   d. related diversification
   (c; moderate; p. 187)

110. You've decided to purchase a controlling interest in a chain of Oriental fast-food restaurants, called Honk Kong Fooey. However, you have decided to change the name

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of the chain to the Shanghai Grill. This move is most representative of what type of growth strategy?

a. lateral growth
b. horizontal integration
c. unrelated diversification
d. related diversification

(b; moderate; p. 188)

111. Your oldest supplier, Zorro Distributors, is a family-owned firm. Recently, the firm's president, Diego De La Vega, made the decision to retire. To his disappointment, none of his five children stepped forward to take his place at the helm of the firm. Sr. De La Vega is concerned that if he sells his company to a larger distributor, many of his employees will lose their jobs. You approach your old friend with a generous offer to buy Zorro and continue its current operations. Should your offer be accepted, Taco Rocket would be undertaking _____.

a. lateral growth
b. unrelated diversification
c. forward vertical integration
d. backward vertical integration

(d; moderate; p. 188)

El Taco Grande (Scenario)

It is now 10 years later (see previous scenario) and, as the original owner of Taco Rocket, you have seen your business holdings grow substantially. The number of stores you own and franchise has grown by 200 percent and you own a number of companies in related and unrelated areas.

112. You now need to decide how to best manage and utilize the large number of assets represented by the numerous companies you own. For each SBU, managers must create a _____ strategy to determine how your corporation should compete in each of its businesses.

a. corporate-level
b. business-level
c. functional-level
d. tactical

(b; moderate; p. 190)

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113. What level of strategy integrates the strategies of your various business units (Taco Rocket, Shanghai Grill, Zorro Distributors)?
a. corporate level
b. business level
c. functional level
d. strategic level
(a; easy; p. 187)

114. You called the Boston Consulting Group (BCG), and they have provided you with some advice based on their famous corporate portfolio matrix. Your oldest holding, Taco Rocket, has not grown much in recent years, but due to low debt, generates a huge amount of cash. According to BCG, Taco Rocket would be considered a _____.
a. cash cow
b. star
c. question mark
d. dog
(a; moderate; p. 190)

115. Recently, you also purchased a company that manufactures a new satellite dish, allowing you to enter into the cable television market. The business is profitable and growing, but the technological unknowns make it risky. BGC considers it a _____.
a. cash cow
b. star
c. question mark
d. dog
(c; moderate; p. 190)

116. Another purchase you made was to acquire a local coffee-cart chain with 30 locations around the city. You don't see it growing very much, but then, it doesn't cost much to operate. BCG would label this venture a _____.
a. cash cow
b. star
c. question mark
d. dog
(d; moderate; p. 190)

Patrick the E-business Entrepreneur (Scenario)

Patrick majored in entrepreneurship and computer science in college. After graduation, he decided to start his own business as an e-business entrepreneur, founding an online B2B reverse auction company called CompuSave.

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117. While his more established competitors have concentrated on the supply market *Fortune* 1000-type firms, Dave has decided to concentrate on the Small–Medium-size Enterprise (SME) market, concentrating on reselling computer-related hardware to firms in the local tri-state area so that he can keep his marketing costs low. This strategy would be characterized by Porter as a _____ strategy.
a. differentiation
b. low cost
c. focus
d. none of the above
(a; difficult; p. 194)

118. Patrick determined that he needed a new marketing strategy that would help increase the awareness of his company and the benefits it could provide to local businesses. In the textbook, devising this new marketing strategy would be termed as a _____.
a. corporate-level strategy
b. business-level strategy
c. functional-level strategy
d. tactical strategy
(b; moderate; p. 190)

119. After hiring several employees, Patrick requires that each person in this company be involved in studying trends involving new technology, competitors, and customers. These employees are involved in _____.
a. external analysis
b. internal environment
c. strategic management
d. bounded rationality
(a; difficult; p. 183)

MULTIPLE-CHOICE QUESTIONS

For each of the following choose the answer that *most completely* answers the question.

Environmental Scanning

29. Environmental scanning is the screening of large amounts of information to anticipate and _____.
a. follow new legislation that is being passed by Congress
b. interpret changes in the environment
c. correct failure in pollution equipment
d. forecast climatic changes that will affect materials used
(b; moderate; p. 206)

30. Competitor intelligence experts suggest that 80 percent of what a manager need to know about competitors can be found out from _____.
a. companies such as Dun & Bradstreet
b. their competitors' employees, suppliers, and customers
c. their competitors' products, suppliers, and customers
d. their own employees, suppliers, and customers
(d; moderate; p. 207)

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31. When seeking competitor intelligence, there is often a fine line between what's considered legal and ethical and what's considered _____.
    a. illegal and ethical
    b. illegal and unethical
    c. legal and unethical
    d. practical and legal
    (c; moderate; p. 208)

32. Many firms regularly buy competitors' products and have their own engineers study them to learn about new technical innovations. This process is called _____.
    a. competitor engineering
    b. competition engineering
    c. strategic engineering
    d. reverse engineering
    (d; moderate; p. 207)

33. The value of global scanning is largely dependent on the _____.
    a. extent of foreign competition activities in the market
    b. price that foreign competition charges in the market
    c. extent of government regulation activities in the foreign market
    d. extent of the organization's global activities
    (d; moderate; p. 208)

34. What are three tools that managers can use to analyze their organization's environment?
    a. strategic planning, environmental scanning, and TQM
    b. forecasting, budgeting, and time management
    c. environmental scanning, forecasting, and benchmarking
    d. benchmarking, planning, and evaluating
    (c; moderate; p. 206)

35. According to your textbook, one of the fastest-growing areas of environmental scanning is _____.
    a. regression analysis
    b. competitor intelligence
    c. reengineering
    d. forecasting
    (b; moderate; p. 207)

36. Competitor intelligence allows managers to do which of the following?
    a. react to competitor actions
    b. cut cost below the competition
    c. increase market diversification
    d. anticipate competitor actions
    (d; moderate; p. 207)

37. Which of the following is an accurate statement concerning the process of competitor intelligence gathering?
    a. it is legal but unethical
    b. it is time consuming and costly to gather
    c. Eighty percent of what managers need to know about competitors can be found from their own employees, suppliers, and customers.
    d. it typically involves organizational spying
    (c; moderate; p. 207)

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38. When a firm's engineers break down a competitor's product to learn about new technical innovations, they are engaging in _____.
a. reverse engineering
b. espionage
c. reengineering
d. illegal activities
(a; easy; p. 208)

39. Environmental scanning creates the foundation for _____.
a. project management
b. forecasts
c. benchmarking
d. budgeting
(b; difficult; p. 209)

40. Research has shown that companies with advanced environmental scanning systems _____.
a. increased their profits and revenue growth
b. collect more data, but not much difference in their profits and revenue growth
c. improved their ability to compete in the market place
d. decreased their profits and revenue growth
(a; moderate; p. 206)

41. Managers need forecasts that will allow them to predict future events effectively and _____.
a. accurately
b. efficiently
c. specifically
d. in a timely manner
(d; moderate; p. 208)

42. Quantitative forecasting applies a set of mathematical rules to _____.
a. develop predictions of outcomes from customers' opinions
b. a series of past data to predict outcomes
c. analyze what has happened in the past and determine when it will occur again
d. estimate the number of products that should be produced at a given time
(b; moderate; p. 209)

43. The goal of forecasting is to provide managers _____.
a. accurate predictions of trends and events
b. decisions as to what customers will be demanding and when
c. information about the dynamics of environmental change
d. with information that will facilitate decision making
(d; difficult; p. 209)

44. The accuracy of a forecast decreases as the _____.
a. quantity of data increases
b. simplicity of the forecast method increases
c. period you're trying to predict increases
d. number of customers increases
(c; moderate; p. 210)

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45. Forecasting techniques fall into what two categories?
    a. fixed asset and human capital
    b. predictive and confirmatory
    c. quantitative and qualitative
    d. empirical and conceptual
    (c; moderate; p. 209)

46. If General Motors plans on changing their truck paint color scheme because they believe that in the future more women will be interested in purchasing these vehicles, this is an example of what kind of environmental scanning?
    a. scenario
    b. forecasting
    c. benchmarking
    d. anticipating
    (b; moderate; pp. 209-210)

47. What type of forecasting technique relies on the judgment and opinion of knowledgeable individuals?
    a. qualitative
    b. short-term
    c. confirmatory
    d. predictive
    (a; moderate; p. 209)

48. One suggestion for improving forecasting effectiveness is to _____.
    a. use complex forecasting sequences
    b. gather as much data as possible
    c. always employ global forecasting
    d. use simple forecasting techniques
    (d; difficult; p. 210)

49. Which of the following is one suggestion for improving forecasting effectiveness?
    a. do not utilize a "no change" scenario
    b. base forecasts beyond the next 2 years
    c. utilize the "half-life" estimation model
    d. employ multiple forecasting methods
    (d; moderate; p. 210)

50. Which of the following is a suggestion for improving forecasting effectiveness?
    a. develop a single and effective method
    b. pay attention to trend turning points
    c. develop complex and detailed mathematical models
    d. shorten the length of forecasts
    (d; moderate; p. 210)

51. Virtually any component in the organization's _____ environments can be forecasted.
    a. general and specific
    b. internal and external
    c. external
    d. general
    (c; difficult; p. 209)

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52. Qualitative forecasting uses the judgment and opinions of _____ to predict outcomes.
    a. customers and suppliers
    b. distributors and suppliers
    c. executives
    d. knowledgeable individuals
    (d; difficult; p. 209)

53. Forecasting techniques are most accurate when the environment is _____.
    a. changing inversely
    b. dynamic on the long term, so turning points can be identified
    c. not rapidly changing
    d. seasonal, but not cyclical
    (c; moderate; p. 210)

54. When comparing every forecast with a no-change (in an environment) forecast, the no-change forecast is accurate approximately _____.
    a. half of the time
    b. three-fourths of the time
    c. four-thirds of the time
    d. 80 percent of the time
    (a; difficult; p. 210)

55. Benchmarking is the search for the best practices among competitors or noncompetitors that lead to their _____.
    a. achieving such a large market share
    b. ability to so accurately predict the environment
    c. superior performance
    d. ability to identify new market niches
    (c; difficult; p. 210)

56. Which of the following is true concerning benchmarking?
    a. Benchmarking always involves analyzing a competitor.
    b. Benchmarking is most effective when analyzing within your own industry.
    c. Benchmarking may involve analyzing a company with a completely different product.
    d. Benchmarking foreign companies is not suggested due to cultural differences.
    (c; moderate; p. 210)

57. Some companies have chosen some pretty unusual benchmarking partners. Southwest Airlines studied _____.
    a. package handling at FedEx hubs
    b. UPS package-handling hubs
    c. Indy pit crews
    d. tire changers at Goodyear stores
    (c; moderate; p. 210)

Techniques for Allocating Resources

58. Which of the following is an accurate statement about budgets?
    a. they are typically not used for time estimating
    b. by nature, they are only financially based
    c. they may be used for organizational space planning
    d. they are typically used for large and small capital expenditures
    (c; difficult; p. 212)

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59. A budget is a numerical plan for allocating resources _____.
    a. to specific activities
    b. dedicated to special projects
    c. areas of production
    d. developing new products
    (a; difficult; p. 212)

60. Budgets are popular most likely because they're applicable to a wide variety of organizations and _____.
    a. define how much money will be spent
    b. specify how much money with organization will receive
    c. work activities within organizations
    d. estimate the number of units that will produce
    (c; difficult; p. 212)

61. Many managers don't like preparing budgets because they feel the process is time consuming, inflexible, inefficient, and _____.
    a. infallible
    b. inflationary
    c. insignificant
    d. ineffective
    (d; difficult; p. 212)

62. Budgeting is an important managerial activity because it forces financial discipline and structure _____.
    a. with the cash part of the organization
    b. throughout the organization
    c. in the areas of the organization that need it the most
    d. especially with start-up companies
    (b; difficult; p. 212)

63. The Gantt chart was developed during the early 1900s by Henry Gantt, an associate of the scientific management leader _____.
    a. Henri Fayol
    b. Fredrich Traylor
    c. Henry Ford
    d. Frederick Taylor
    (d; moderate; p. 213)

64. The Gantt chart visually shows when tasks are supposed to be done and compares that with the _____.
    a. supervisors' estimate of completion
    b. actual progress on each
    c. scheduled delivery of materials
    d. customer's requested date of delivery
    (b; difficult; p. 213)

65. Gantt charts were developed to help managers perform _____.
    a. budgeting

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b. benchmarking
c. regression analysis
d. scheduling
(d; moderate; p. 213)

66. A Gantt chart is essentially a bar graph with _____ axis and _____ axis.
a. time on the vertical; the activities to be scheduled on the horizontal
b. time on either; the activities to be scheduled on the other
c. time on the vertical; project completion on the horizontal
d. time on the horizontal; the activities to be scheduled on the vertical
(d; difficult; p. 213)

67. Load charts list on the vertical axis either departments or _____.
a. functional areas
b. specific resources
c. budgets
d. product weights
(b; moderate; p. 214)

68. The Program Evaluation and Review Technique (PERT) is especially useful in scheduling _____.
a. projects
b. programs
c. processes
d. planning
(a; difficult; p. 214)

69. The four terms that are required to construct a PERT network are: events, activities, _____, and _____.
a. crucial path; slack time
b. critical path; estimated time
c. crucial path; earliest date
d. slack time; critical path
(d; moderate; p. 215)

70. A PERT network depicts the sequence of activities needed to complete a project and the _____ each activity.
a. estimated day of
b. time or costs associated with
c. amount of money needed for
d. step of
(b; difficult; p. 215)

71. In a PERT network, events are _____.
a. end points that represent the completion of major activities
b. the longest or the most time-consuming sequence of events in a PERT network
c. the amount of time an individual activity can be delayed without delaying the whole project
d. all key activities needed to complete a project
(a; difficult; p. 215)

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72. Which of the following steps in the PERT process are end points that represent the completion of major activities?
    a. critical paths
    b. events
    c. checkpoints
    d. sections
    (b; difficult; p. 215)

73. Which of the PERT steps represent the time or resources required to progress from one event to another?
    a. events
    b. critical paths
    c. checkpoints
    d. activities
    (d; moderate; p. 215)

74. In the PERT process, what is the critical path?
    a. the central guideline that other activities feed into
    b. the checkpoint for comparing standards of completion
    c. the most time-consuming sequence of events and activities
    d. the most costly path in a scheduling outline
    (c; moderate; p. 215)

75. What type of technique is widely used to help managers make profit projections?
    a. factor analysis
    b. cost accounting
    c. breakeven analysis
    d. PERT
    (c; easy; p. 216)

76. If a retail sales manager wants to know how many denim jackets must be sold in order to reach a specified profit objective, he or she is employing what type of planning tool?
    a. breakeven analysis
    b. PERT
    c. Gantt chart
    d. cost accounting
    (a; difficult; p. 216)

77. Breakeven analysis is a widely used resource allocation technique to help managers make _____.
    a. project total cost estimates
    b. projections like PERT except it uses costs instead of time units
    c. profit projections
    d. fixed and variable cost estimates
    (c; difficult; p. 216)

78. In order to compute the breakeven point, a manager needs to know the unit price of the product being sold, the variable cost per unit, and _____.
    a. total number of units sold
    b. fixed costs per unit sold
    c. total fixed costs
    d. none of the above
    (c; easy; p. 216)

79. Examples of fixed costs include _____.

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a. property taxes
b. energy costs
c. labor costs
d. raw materials
(a; easy; p. 217)

80. According to the textbook, some applications for linear programming include _____.
a. selecting transportation routes that minimize shipping costs
b. allocating an advertising budget among different plans
c. optimally assigning personal to projects
d. all of the above
(d; moderate; p. 217)

81. Because linear programming requires that there be limited resources and outcome optimization, it _____.
a. cannot be applied to all resource allocation problems
b. can be used for all profit allocation problems
c. can be applied to all resource allocation problems
d. calculates lost time
(a; difficult; p. 217)

82. If there is a linear relationship between variables included in a linear programming model, then when there is a change in one variable, there must be an _____.
a. even straight line established between the two points
b. exactly proportional change in the other variable
c. estimated profit change in the other
d. equal absolute change in the other
(b; difficult; p. 217)

83. An organization breaks even when its total revenue is just enough to equal its _____.
a. fixed cost
b. breakeven costs
c. variable costs
d. total cost
(d; moderate; p. 216)

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Contemporary Planning Techniques

84. To plan a project, all activities in the project and the resources needed to do them must be _____.
a. satisfied
b. on hand
c. identified
d. trained
(c; difficult; p. 220)

85. The role of project manager remains difficult because she or he is managing people who _____.
a. will make mistakes during the project

b. might not show for work on the day of an important presentation
c. are not skilled enough to participate in the project
d. are still linked to their permanent work areas
(d; difficult; p. 220)

86. A project is considered to be a one-time set of activities that has _____.
a. definitive assessment stages across time
b. significant points to be analyzed
c. a definite beginning and ending point in time
d. an estimated start and finished date
(c; difficult; p. 220)

87. Project management is the task of getting a project's activities done on time, within budget, and _____.
a. following directions
b. making adjustments in plans
c. according to specifications
d. within the limits of city engineering
(c; difficult; p. 220)

88. The only real influence project managers have is _____.
a. their ability to keep the project moving forward
b. their communication skills and their power of persuasion
c. the ability of the supplier to deliver
d. insistence that the project be finished according to plans
(b; moderate; p. 220)

89. Developing scenarios can be described as _____.
a. planning
b. thinking about what will have
c. guessing as to what will change
d. contingency planning
(d; difficult; p. 221)

90. Different assumptions in a scenario can lead to _____.
a. different outcomes
b. the same estimates
c. disputes over which is correct
d. divergent ideas into results
(a; difficult; p. 221)

91. Although scenario planning is useful in anticipating events that can be anticipated, it is difficult to _____.
a. establish datelines
b. prepare for increased sales of output
c. present the fact when they occur
d. forecast random events
(d; difficult; p. 221)

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92. The task of getting the activities done on time, within budget, and according to specifications is _____.
    a. breakeven analysis
    b. linear programming
    c. probability analysis
    d. project management
    (d; moderate: p. 220)

93. As managers assess the environment, issues and concerns that could affect their organization's current or planned operations are likely to be revealed, and they _____.
    a. won't be equally important
    b. won't be equally associated
    c. will be equally important
    d. will be as important as other, but not equal in value
    (a; difficult; p. 221)

94. The intent of scenario planning is not to try to predict the future, but to reduce uncertainty by _____.
    a. calculating the potential profits from different specified conditions
    b. pretending that the customer needs are different from forecasted
    c. supposing that a different market mix existed
    d. playing out potential situations under different specified conditions
    (d; moderate; p. 221)

95. Planning tools and techniques can help managers prepare _____.
    a. confidently for the future
    b. future events
    c. better budgets
    d. larger projects
    (a; difficult; p. 220)

96. Planning tools and techniques will never replace the manager's _____ in using the information gained to develop effective and efficient plans.
    a. knowledge and expertise
    b. skills and capabilities
    c. motivation and leadership
    d. time and efforts
    (b; difficult; p. 220)

SCENARIO QUESTIONS

For each of the following choose the answer that *most completely* answers the question.

Techniques for Assessing the Environment

Dollars to Donuts (Scenario)

Ralph Friedgrin is the owner of a chain of five donut shops in Smalltown, MD. Smalltown is located along the Interstate 95, about half-way between Lost and Nowhere.

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97. Mr. Friedgrin demands that the five store managers during their weekly meeting discuss what the customers in their stores are requesting. Mr. Friedgrin will always read the monthly donut-industry magazine, *Holey Mazole*. He always attends the Annual National Conference of Donut Makers and updates his managers when he returns. These activities are examples of:
    a. competitor intelligence
    b. boundary spanning
    c. environmental scanning
    d. intellectual exercise
    (c; difficult; p. 206)

98. Ralph Friedgrin recently had three selected stores experiment with three new frying oils. Customers were then asked to take a taste-preference test of three sample donuts, one for each of the oils: N, O, and W. Based upon the results of this test, it was concluded that oil N in the test was favored. Which planning tool was Ralph Friedgrin using in this instancel?
    a. quantitative forecasting technique
    b. Delphi technique
    c. focus group technique
    d. qualitative forecasting technique
    (d; moderate; p. 209)

99. On occasion, Ralph Friedgrin goes to nearby, larger towns such as Lost and Nowhere to visit big chain donut shops. Ralph purchases donuts and chats with these customers about their donut likes and dislikes. Fred also will "peek" into the kitchen to view the equipment, or when he can, he will watch through the customer observation window so he will see the whole process. When Ralph Friedgrin travels to Lost and Nowhere to talk with his competitor's customers, peek at the equipment, and watch through his customer observation window, he is performing which planning technique?
    a. competitor intelligence
    b. environmental scanning
    c. intellectual exercise
    d. boundary spanning
    (a; difficult; p. 207)

100. If Ralph Friedgrin knew the average number of donuts that Smalltown adults bought per week and the number of Smalltown adults, he could then use which planning tool?
    a. environmental scanning
    b. qualitative forecasting technique
    c. quantitative forecasting technique
    d. scenario projection technique
    (c; difficult; p. 209)

101. Ralph Friedgrin went to donut shops in Lost and Nowhere so he could talk with his competitor's customers, peak at their equipment, and evaluate their donut-making process. These acts were _____.
    a. legal
    b. legal and ethical
    c. ethical
    d. neither legal nor ethical
    (b; easy; p. 208)

102. Ralph Friedgrin contacted the owner of a NASCAR racing team to see if he could spend time with its pit crew to study their teamwork. This is an example of:

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a. qualitative forecasting
b. benchmarking
c. quantitative forecasting
d. scanning.
(b; easy; p. 210)

103. Fred recently went on a well-deserved vacation with his wife, Wilma. While at the beachfront resort, Fred took many notes regarding the excellent service he received. On the flight home, Fred reviewed his notes to see what lessons he could apply to his donut shops. When Fred is out looking at the "best practices" of the other donut stores in these towns, he is performing which of the following?
a. qualitative forecasting
b. benchmarking
c. environmental scanning
d. scenario planning
(b; easy; p. 210)

104. Ralph's largest supplier recently approached him about implementing a Web-based software that will utilize data about past sales trends promotions and other factors to jointly calculate a demand forecast for particular products. Ralph's supplier referred to this system as a _____.
a. JIT system
b. CPFR system
c. RFID system
d. SCM system
(b; moderate; p. 209)

Techniques for Allocating Resources

Donut Expansion (Scenario)

Ralph Friedgrin, owner of five donut shops in Smalltown, MD, located half the way between Lost and Nowhere, recently began development of expansion plans based on analyses conducted with his planning tools and techniques. His management team concluded that it was time to expand his donut business to a whole new market niche. Fred has asked that an estimated time of construction and estimated costs be provided. Fred approved construction of two stores in Littleville and recently contracted with the engineering-manufacturing firm from Nowhere, Planning Plus, Inc. (PPI), to build the stores. Fred has been informing PPI of what he calls "best practices" that other donut stores in nearby towns are using and wants them incorporated into these stores.

105. PPI developed a diagram similar to a flowchart to estimate the probable time required to complete construction of the two stores. This flowchart-like diagram is known as which of the following?
a. program evaluation and review technique
b. Gantt chart
c. linear programming
d. scheduling
(b; moderate; p. 206)

106. Fred knew how much capacity it took to produce each type of donut with each type of glaze and the profit margins for each type of donut with each type of glaze. If he wants analyze the product mix that will maximize profits, then he should use which of the following?
a. budgeting

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b. break-even analysis
c. linear programming
d. scheduling
(c; moderate; pp. 217-218)

107. Fred has planned the opening day activities and is going to be open for 24 hours. He has planned who is to work which hours and who is to perform which duties during the time open. Fred has also planned which type of donut is to be made at what time. What Fred did in making these plans is know as which of the following?
a. Gantt chart
b. PERT
c. linear programming
d. scheduling
(d; easy; p. 213)

Allocating Resources at Planning Plus, Inc. (Scenario)

Management from all levels of Planning Plus, Inc. (PPI) have been making decisions as to how to best accomplish next year's organizational plans, objectives, and goals. The production department has been making numerical plans to allocate the number of employees, man-hours per machine, and so on within the department. Accounting has been determining the production quantity when there will be enough total revenue to just equal its total costs. Purchasing has been establishing delivery dates that align with the need dates of the material in the production department. Marketing has been planning the introduction of a new product. What Marketing is using is essentially a bar graph with time on the horizontal axis and activities to be scheduled on the other.

108. When the Production Department made numerical plans to allocate the number of employees, man-hours per machine, and so on within the department, it was using which of the following resource allocation techniques?
a. scheduling
b. linear programming
c. break-even analysis
d. budgeting
(d; difficult; p. 212)

109. When Purchasing establishes delivery dates that align with the need dates of the material in the production department, Purchasing is using which of the following resource allocation techniques?
a. scheduling
b. linear programming
c. break-even analysis
d. budgeting
(a; moderate; p. 213)

110. When Marketing is using what is essentially a bar graph with time on the horizontal axis and activities to be scheduled on the other, it is using which of the following resource allocation techniques?
a. PERT

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b. load chart
c. Gantt chart
d. scheduling
(c; moderate; p. 206)

111. When Accounting has determined the production quantity where there will be enough total revenue to just equal its total costs, then Accounting is using which of the following resource allocation techniques?
a. budgeting
b. break-even analysis
c. load chart
d. scheduling
(b; moderate; p. 216)

112. Top management has put together a chart that lists entire departments on the vertical axis and time on the horizontal axis. This allows managers to plan and control capacity utilization. Such a chart is known as a _____.
a. Gantt chart
b. PERT
c. load chart
d. none of the above
(c; moderate; p. 214)

113. The sales and marketing department is planning to undertake a large departmental reorganization. This project will require hundreds of individual activities, some of which must be done simultaneously and some of which can't begin until preceding activities have been completed. How might managers schedule such a complex project?
a. Gantt chart
b. PERT network analysis
c. load chart
d. collaborative planning and forecasting
(b; moderate; pp. 214-215)

114. The marketing department is considering new techniques for allocating their limited advertising budget among various product brands. What technique would be most appropriate?
a. scheduling
b. break-even analysis
c. linear programming
d. PERT network analysis
(c; moderate; pp. 217-218)

115. The logistics department is considering new techniques for selecting transportation routes that minimize shipping costs. What technique would be most appropriate?
a. scheduling
b. break-even analysis
c. linear programming
d. PERT network analysis
(c; moderate; p. 217-218)

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MULTIPLE-CHOICE QUESTIONS

For each of the following choose the answer that *most completely* answers the question.

DEFINING ORGANIZATIONAL STRUCTURE

31. Organizational design is based on decisions about _____.
    a. work specialization and departmentalization
    b. chain of command and span of control
    c. centralization and decentralization
    d. all of the above
    (d; moderate; p. 234)

32. Which statement accurately defines work specialization?
    a. the degree to which tasks are divided into separate jobs
    b. individual employees specialize in doing part of an activity rather than the entire activity
    c. jobs are ranked relative only to their worth or value to the businesses
    d. a and b
    (d; difficult; p. 235)

33. On what basis are jobs grouped in order to accomplish organizational goals?
    a. departmentalization
    b. centralization
    c. formalization
    d. coordination
    (a; moderate; p. 235)

34. Sales responsibilities divided into the Southwest, Midwest, southern, northern, and western regions would be an example of what type of departmentalization?
    a. product
    b. geographic
    c. process
    d. outcome
    (b; easy; p. 236)

35. Grouping activities on the basis of customer flow is _____.
    a. functional departmentalization
    b. product departmentalization
    c. geographical departmentalization
    d. process departmentalization
    (d; moderate; p. 236)

36. What kind of departmentalization would be in place in a government organization where different public service responsibilities are divided into activities for employers, children, and the disabled?
    a. product
    b. geographic
    c. outcome
    d. customer
    (d; moderate; p. 236)

37. Today's competitive business environment has greatly increased the importance of what type of departmentalization?
    a. geographic

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b. customer
c. product
d. process
(b; difficult; p. 237)

38. Functional departmentalization groups jobs by _____.
a. tasks they perform
b. territories they serve
c. products or services they manufacture or produce
d. type of customer they serve
(a; moderate; p. 236)

39. Assigning designers, production workers, and salespeople to a common work group to develop a new product is known as a _____ team.
a. differentiated
b. product
c. cross-functional
d. weak
(c; moderate; p. 237)

40. In describing the degree to which tasks in an organization are divided into separate jobs, managers use the term _____.
a. work specialization
b. departmentalization
c. chain of command
d. span of control
(a; moderate; p. 235)

41. Departmentalization based on _____ groups' jobs based on the territory or physical location.
a. functional
b. product
c. geographic
d. matrix
(c; easy; p. 236)

42. _____ departmentalization is based on the product or customer flow through the organization.
a. Product
b. Functional
c. Process
d. Organizational structure
(c; moderate; p. 237)

43. _____ departmentalization is used more in recent years to better monitor the needs of customers and to respond to changes in those needs.
a. Needs-based
b. Functional
c. Process
d. Customer
(d; moderate; p. 237)

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44. The continuous line of authority that extends from the upper levels of management to the lowest levels of the organization is _____.
    a. authorized line of responsibility
    b. unity of command
    c. responsibility factor
    d. chain of command
    (d; moderate; p. 237)

45. _____ refers to the rights inherent to a position that allows a manager to tell subordinates what to do and expect them to do it.
    a. Responsibility
    b. Unity of command
    c. Chain of command
    d. Authority
    (d; moderate; p. 237)

46. _____ is the obligation or expectation to perform a duty.
    a. Responsibility
    b. Unity of command
    c. Chain of command
    d. Span of control
    (a; moderate; p. 237)

47. The theory that a person should report to only one manager is called _____.
    a. authorized line of responsibility
    b. unity of command
    c. responsibility factor
    d. chain of command
    (b; moderate; p. 237)

48. Which one of Fayol's 14 principles of management helps preserve the concept of a continuous line of authority?
    a. unity of demand
    b. unity of command
    c. demand structure
    d. continuous demand
    (b; moderate; p. 237)

49. The concept that defines the number of subordinates that report to a manager and that indirectly specifies the number of levels of management in an organization is called _____.
    a. authorized line of responsibility
    b. unity of command
    c. responsibility factor
    d. span of control
    (d; difficult; p. 238)

50. In organizations, the trend in recent years has been toward _____.
    a. narrower span of control
    b. increased chain of command
    c. the organization's structure being based on its financial position

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d. wider span of control
(d; moderate; p. 238)

51. All other things being equal, as the span of control grows wider or larger, organizational design becomes more _____.
a. bureaucratic
b. democratic
c. effective
d. efficient
(d; difficult; p. 238)

52. _____ is the number of subordinates that a manager manages and ultimately determines the number of levels of managers in an organization.
a. Responsibility
b. Unity of command
c. Chain of command
d. Span of control
(d; moderate; p. 238)

53. Trends in the past few years have centered on a _____ span of control to reduce costs and speed decision making.
a. narrower
b. wider
c. deeper
d. stable
(b; moderate; p. 238)

54. The degree to which decision making is confined at a single point in an organization is described as _____.
a. unity of command
b. chain of command
c. span of management
d. centralization
(d; moderate; p. 239)

55. In recent years, there has been a movement to make organizations more flexible and responsive through _____.
a. centralization
b. decentralization
c. alternative organizational structure
d. customer-based structure
(b; moderate; p. 239)

56. The degree to which jobs are standardized and guided by rules and procedures is called _____.
a. work specialization
b. centralization
c. decentralization
d. formalization
(d; difficult; p. 240)

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57. In an effort to make organizations more flexible and responsive to competitive pressures, firms have adopted more _____ decision making.
    a. centralized
    b. decentralized
    c. vertically integrated
    d. stable
    (b; moderate; p. 239)

ORGANIZATIONAL DESIGN DECISIONS

58. A(n) _____ organization is rigidly controlled and efficient.
    a. organic
    b. horizontal
    c. learning
    d. mechanistic
    (d; moderate; p. 241)

59. A(n) _____ organization is able to change rapidly as needs require.
    a. organic
    b. horizontal
    c. vertical
    d. mechanistic
    (a; moderate; p. 241)

60. When managers standardize employee behavior through rules and procedures, the jobs are becoming more _____.
    a. diversified
    b. formalized
    c. vertical
    d. horizontal
    (b; difficult; p. 240)

61. In describing the relationship between structure and strategy, it can be said that _____ .
    a. structure follows strategy
    b. strategy follows structure
    c. strategy and structure are always handled equally
    d. strategy follows structure in smaller organizations
    (a; moderate; p. 242)

62. In linking strategy and structure, most strategic frameworks tend to focus on _____.
    a. the pursuit of meaningful and unique innovation
    b. the pursuit of tightly controlled costs
    c. minimizing risk and maximizing profit opportunities by copying market leaders
    d. all of the above
    (d; difficult; p. 242)

63. As a type of technology, _____, centers on large-batch production and requires moderate levels of complexity and sophistication.
    a. unit production
    b. mass production
    c. process production

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d. service production
(b; moderate; p. 242)

64. Organizations that work like efficient, well-oiled machines are described as _____.
a. organic
b. mechanistic
c. rational
d. intuitive
(b; moderate; p. 241)

65. Organizations that are highly flexible and adaptive are described as _____.
a. organic
b. mechanistic
c. rational
d. intuitive
(a; moderate; p. 241)

66. Structure is related to the size of the organization, such that larger organizations tend to have more _____.
a. specialization
b. departmentalization
c. centralization
d. all of the above
(d; moderate; p. 242)

67. Structure is related to the size of the organization, such that larger organizations are more _____.
a. mechanistic
b. organic
c. structurally weak
d. decentralized
(a; moderate; p. 242)

68. In Joan Woodward's study of the relationship between technology and structure, the structure that was the most technically complex was _____.
a. unit production
b. mass production
c. process production
d. technological production
(c; moderate; p. 242)

69. According to Woodward's studies, what type of production works best with a mechanistic structure?
a. unit
b. process
c. product
d. mass
(d; moderate; p. 243)

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70. In studies of the structure of an organization to uncertainty in the environment, organizations that face higher uncertainty are more _____.
    a. organic
    b. mechanistic
    c. technologically pure
    d. supportive of technological change
    (a; moderate; p. 243)

71. Global competition, accelerated product development by competitors, and increased demands by customers for better service have encouraged organizations to become more _____.
    a. organic
    b. mechanistic
    c. technologically pure
    d. task oriented
    (a; moderate; p. 243)

72. Which of the following would likely be found in mechanistic organizations?
    a. wide span of control
    b. empowered employees
    c. decentralized responsibility
    d. standardized job specialties
    (d; difficult; p. 241)

73. In the early years of Apple Computers, its desire for highly proficient and creative employees who operated with few work rules best exemplified what type of organization?
    a. bureaucratic
    b. mechanistic
    c. volatile
    d. organic
    (d; difficult; p. 241)

74. Which type of environment is best suited for mechanistic organizations?
    a. dynamic
    b. manufacturing
    c. service
    d. stable
    (d; moderate; p. 243)

75. The appropriate structure for an organization is based on four contingency variables: strategy, size, degree of environmental uncertainty, and _____.
    a. technology
    b. history
    c. leadership
    d. intensity of competition
    (a; easy; p. 241)

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76. Joan Woodward study of the relationship between technology and structure is based upon her study of small manufacturing firms in _____.
    a. the northeastern United States
    b. the south of Wales
    c. France
    d. southern England
    (d; difficult; p. 242)

COMMON ORGANIZATIONAL DESIGNS

77. Traditional organizational designs tend to be more mechanistic, and include _____.
    a. simple, functional, and corporate structures
    b. simple, functional, and business unit structures
    c. functional, strategic, and business unit structures
    d. simple, functional, and divisional structures.
    (d; moderate; p. 244)

78. A small business with low departmentalization, wide spans of control, centralized authority, and limited formalization can be said to possess a _____ structure.
    a. simple
    b. functional
    c. divisional
    d. matrix
    (a; easy; p. 244)

79. As the number of employees in an organization grows, structure tends to become more _____.
    a. specialized
    b. informal
    c. centralized
    d. a and b
    (a; easy; p. 244)

80. When an organization assigns specialists to groups according to the projects they are working on, this is called _____.
    a. divisional structure
    b. functional structure
    c. product structure
    d. matrix structure
    (d; difficult; p. 244)

81. A simple organizational structure is characterized by _____.
    a. high departmentalization
    b. wide spans of control
    c. decentralized authority
    d. high levels of formalization
    (b; moderate; p. 244)

82. Divisional structure allows grouping of different groups of jobs that are related by _____.

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a. the product produced
b. the service offered
c. the cost advantage within a niche market
d. a and b
(d; difficult; p. 244)

83. Matrix structure mixes characteristics of functional departmentalization and _____.
a. product departmentalization
b. process departmentalization
c. a dual chain of command
d. a narrow span of control
(a; difficult; pp. 245-246)

84. Matrix structure violates a key element of organizational design called _____.
a. unity of command
b. chain of command
c. span of management
d. decentralization
(a; moderate; pp. 245-246)

85. A _____ organization is a small core organization that outsources major business functions such as manufacturing, allowing the firm to concentrate on its core competencies.
a. network
b. virtual
c. modular
d. learning
(a; moderate; p. 248)

86. A _____ organization consists of a small core of full-time employees and temporarily hires outside specialists to work on emergent opportunities.
a. network
b. virtual
c. modular
d. learning
(b; moderate; p. 247)

87. A learning organization has developed its _____.
a. educational department to keep employees trained
b. capacity to adapt and change
c. barriers to entry of its markets
d. a sustainable competitive advantage that is easy to maintain
(b; difficult; p. 248)

88. A _____ organization uses outside suppliers to provide product components which are then assembled into final products.
a. network
b. virtual
c. modular

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d. learning
(c; moderate; p. 248)

89. A _____ design is not limited to horizontal, vertical, or external boundary imposed by a conventional structure.
a. learning organization's
b. threatened organization's
c. functional
d. boundary less organization's
(d; difficult; p. 247)

90. What type of organization assigns specialists from different functional departments to work on one or more projects led by a project manager?
a. classical
b. contemporary
c. matrix
d. evolutionary
(c; easy; p. 246)

91. An online wine retailer that sells and ships hundreds of wines to customers all over the world with a payroll of six employees, most likely has what kind of organizational structure?
a. bureaucratic
b. simple
c. functional
d. divisional
(b; difficult; p. 244)

92. What type of organizational structure is made up of autonomous, self-contained units?
a. bureaucratic
b. simple
c. functional
d. divisional
(d; moderate; p. 244)

93. In what type of organizational structure is empowerment most crucial?
a. bureaucratic
b. simple
c. functional
d. team-based
(d; easy; p. 245)

94. The matrix approach violates what classical principle?
a. unity of command
b. decentralization
c. customer focus
d. linear lines of responsibility
(a; moderate; p. 246)

95. The strength of a _____ structure is based on results of managers, but it has a weakness because duplication can occur easily within the organization
a. simple
b. functional

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c. divisional
d. matrix
(c; difficult; p. 244)

96. _____ structure is an advanced version of the matrix organization, where employees continuously work on assignments that are oriented to completion of a task.
a. Weighted
b. Functional
c. Conservative
d. Project
(d; difficult; p. 247)

97. Some organizational theorists go so far as to say that an organization's ability to _____ may be the only sustainable source of competitive advantage.
a. learn
b. apply what they learn
c. change
d. a and b
(d; moderate; p. 248)

98. According to the textbook, organizational learning can't take place without _____.
a. motivation
b. goals
c. information
d. structure
(c; moderate; p. 249)

SCENARIO QUESTIONS

For each of the following choose the answer that *most completely* answers the question.

DEFINING ORGANIZATIONAL STRUCTURE

Eric the Redd (Scenario)

Eric Redd graduated from college and was hired by a corporation that manufactured parts for the automotive industry. The employees on the assembly line seemed bored, and their motivation was low. Eric's employer decided to try to reorganize to increase productivity. During his career, Eric will see his job change from an engineer to a more complex job assignment.

99. The jobs of assembly-line employees are to be changed to allow more tasks to be done by individual workers. This is a reduction in _____.
a. work specialization
b. departmentalization
c. chain of command
d. centralization
(a; difficult; p. 235)

100. Eric majored in engineering and really enjoyed the work assignment. The reorganization changed some of his work assignments to include working on a team with production workers and marketing specialists designing the newest products the company will offer. This could be described as a(n) _____.
a. alternative work assignment

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b. career degrading assignment
c. centralized work assignment
d. cross-functional team assignment
(d; moderate; p. 237)

101. Eric is offered a chance to help direct the efforts of some employees assigned to his work group. This is a chance of Eric to experience _____.
a. functional structure
b. divisional structure
c. responsibility
d. authority
(d; moderate; p. 237)

102. Eric sees this new assignment as an obligation or expectation for him to perform at a new level of _____.
a. functional structure
b. divisional structure
c. responsibility
d. authority
(d; moderate; p. 237)

103. Eric's job continues to change over the years, and eventually, his department evolves to the point that he is in advanced structure where he continually works on projects. This structure is known as _____ structure.
a. simple
b. functional
c. divisional
d. project
(d; easy; p. 247)

General Hospital (Scenario)

Michelle is a registered nurse in charge of a new unit at her hospital. She would like to have a more laid-back approach in dealing with her new staff, but the hospital demands that there be strict hierarchical levels and that all decisions must be signed off by Michelle. Sometimes this drives Michelle nuts—the constant filling out of forms, and so forth. She also feels that the numerous levels of hierarchy are unnecessary and place barriers between herself and her staff. She isn't sure why things have to be so "organized" and is thinking about speaking with her boss to attempt changing her unit to have more flexibility and fewer rules.

104. Michelle is very concerned about the formal framework by which job tasks within her nursing unit are divided, grouped, and coordinated within her unit. This framework is known as the unit's _____.
a. formal organizational chart
b. organizational structure
c. staff
d. span of control
(b; moderate; p. 234)

105. Michelle's unit specializes in cardiology cases. Dividing work units up in such a manner is most representative of _____ departmentalization.
a. functional
b. product
c. process
d. customer

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(d; moderate; p. 237)

106. Michelle is required to sign off on all decisions, suggesting the hospital has what kind of decision-making authority?
   a. centralized
   b. formal
   c. autocratic
   d. strict
   (a; moderate; p. 239)

107. Michelle has noticed that everyone is very concerned about the line of authority within the organization. The line of authority within the organization is also called a(n) _____.
   a. responsibility
   b. chain of command
   c. span of control
   d. organizational strategy
   (b; easy; p. 237)

108. Michelle was asked to represent her cardiac unit as part of a Total Quality Management (TQM) initiative that is aimed at improving the overall quality of care at the hospital. Other departments, such as Cardiology and ER, also have representatives on this team. The TQM team exemplifies _____.
   a. project management
   b. a cross functional team
   c. process integration
   d. customer departmentalization
   (b; easy; p. 237)

121. The original entrepreneurial venture consisted only of Mr. Abdul and a few employees. It was an informal organization, and everyone reported to Mr. Abdul. This is best described as a _____ structure.
   a. simple
   b. functional
   c. divisional
   d. matrix
   (a; easy; p. 244)

122. A sharp rise in oil prices helped PAOC's business expand. Abdul concluded that it was impractical and inefficient for all decisions to continue flowing through his office. He granted his key subordinates the authority and responsibility to manage others within their areas of specialty. This organizational structure is best described as a _____ organizational structure.
   a. simple
   b. functional
   c. divisional
   d. matrix
   (b; moderate; p. 244)

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123. Paul Abdul decided to purchase an oil drilling supply company, located in a new country. The purchase of this company was classified as a related diversification, but distance and the new product line suggested that this newly purchased organization continue to be operated as a separate company. In beginning a new phase in the history of Paul Abdul Oil Corporation, a _____ structure should be implemented to allow the company to continue to grow.
a. simple
b. functional
c. divisional
d. matrix
(c; difficult; p. 244)

124. As PAOC continues to grow, a highly trained group of managers and analysts has developed at corporate headquarters. This group is highly adaptive in its structure. Members of this group do not have standardized jobs, but are empowered to handle diverse job activities and problems. This group of employees is said to have a(n) _____ structure.
a. simple
b. divisional
c. functional
d. organic
(d; difficult; p. 243)

125. To deal with the workload in an effective manner, PAOC's executive management group assigns specialists from the different functional departments to work on one or more work groups that are led by project managers. This popular contemporary design is called a _____ structure.
a. matrix
b. divisional
c. functional
d. organic
(a; moderate; P. 246)

126. Mr. Abdul realizes that his company is taking on a life of its own and he wants to allow people from all levels to work together in teams. This view grows to include employees working actively with external agencies. This organizational design does not have a predefined structure and is referred to as a (n) _____.
a. learning organization
b. threatened organization
c. functional structure
d. boundaryless organization
(d; difficult; P. 247)

127. Twenty years after founding PAOC, Abdul decides he is approaching retirement. He wants PAOC to develop the capacity to adapt itself and change because each member will take an active role in identifying and resolving work-related issues. Abdul wants the firm to become a _____.
a. learning organization
b. threatened organization
c. functional structure
d. boundaryless organization
(a; moderate; pp. 248-249)

128. Several years after the retirement of Mr. Abdul, management at PAOC decided to sell off its oil exploration and drilling supply holdings, and instead focus on the more

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profitable distribution end of the business. In conjunction with this decision, management decided to outsource most of its noncore functions, such as accounting, payroll, and human resources. These moves are consistent with what type of contemporary organizational design?

a. a virtual organization
b. a network organization
c. a modular organization
d. a matrix organization

(b; difficult; p. 248)

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