Chapter 1: Introducing Management

True/False

1. The best employers in the new workplace of the 21st century have high performance expectations, and are extremely good at attracting and retaining talented employees.

Ans: True
Difficulty: Easy
Ref: Introduction

2. "High involvement" organizations create challenging and enriched jobs, allow employee input in decision making, and avoid layoffs and excessive turnover.

Ans: True
Difficulty: Easy
Ref: Introduction

3. In the new economy, organizations are expected to continuously excel on meeting their performance criteria even if it means placing a lower priority on ethical and social responsibilities.

Ans: False
Difficulty: Moderate
Ref: Working Today

Talent

4. An employee's talents are what they know, what they learn, and what they do with it.

Ans: True
Difficulty: Moderate
Ref: Working Today

5. The most important factors for operating effectively in a new economy are increased profits, greater return on investment, shareholder involvement, self-management, and competitiveness.

Ans: False
Difficulty: Hard
Ref: Working Today

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6. In the new economy, careers require employees to take personal initiative, be self-disciplined, and pursue continuous learning.

Ans: True
Difficulty: Moderate
Ref: Working Today

7. Intellectual capital is defined as the collective and shared knowledge of an organization's workforce.

Ans: True
Difficulty: Easy
Ref: Working Today

8. The intellectual capital equation is simply: intellectual capital = competency x commitment.

Ans: True
Difficulty: Moderate
Ref: Working Today

Diversity

9. Workforce diversity describes demographic differences among members of the workforce focusing primarily on income, social status, education, and experience.

Ans: False
Difficulty: Hard
Ref: Working Today

10. While managing workforce diversity has legal considerations it also has a substantial impact on individual and company performance.

Ans: True
Difficulty: Moderate
Ref: Working Today

11. Prejudice is the holding of negative opinions and attitudes about people who lack interpersonal or technical skills.

Ans: False
Difficulty: Moderate
Ref: Working Today

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12. Discrimination refers to an invisible barrier that limits the career advancement of women and minorities.

Ans: False
Difficulty: Moderate
Ref: Working Today

13. The "glass-ceiling effect" limits the career advancement and promotion of women and minorities.

Ans: True
Difficulty: Easy
Ref: Working Today

14. National and geographic boundaries of world business are becoming increasingly more well-defined as global competition increases.

Ans: False
Difficulty: Moderate
Ref: Working Today

Globalization

15. Globalization refers to the worldwide interdependence of resource flows, product markets, and business competition that characterizes the new economy.

Ans: True
Difficulty: Moderate
Ref: Working Today

16. Improvements in technology, the deregulation of markets, and the opening of national borders have had little impact on businesses in the United States and Europe.

Ans: False
Difficulty: Moderate
Ref: Working Today

17. The reach of the global economy means that countries and people are increasingly connected through the media, information technology, travel, and lifestyles.

Ans: True
Difficulty: Moderate
Ref: Working Today

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18. Outsourcing presents itself both as an opportunity and a challenge in today's global economy.

Ans: True
Difficulty: Moderate
Ref: Working Today

Technology

19. As a result of advances and the complexity of new technologies there is an increasing demand for knowledge workers.

Ans: True
Difficulty: Moderate
Ref: Working Today

20. Virtual space has increased the need for face-to-face meetings, international travel and sharing of information.

Ans: False
Difficulty: Hard
Ref: Working Today

Ethics

21. Ethics refers to a code of moral principles that sets standards of what is "good" or "right" as opposed to what is "bad" or "wrong."

Ans: False
Difficulty: Moderate
Ref: Working Today

22. Integrity and ethical leadership must be practiced at all organizational levels.

Ans: True
Difficulty: Easy
Ref: Working Today

23. Society is becoming more lenient in its expectations that social institutions conduct their affairs according to high moral standards.

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Ans: False
Difficulty: Moderate
Ref: Working Today

Careers

24. Charles Handy uses the Irish shamrock to symbolize the different career implications of the three distinct employment patterns that have emerged in the new economy.

Ans: True
Difficulty: Easy
Ref: Working Today

25. Core workers, contract workers, and part-time workers are the three different employment patterns in the Irish shamrock model used by Charles Handy.

Ans: True
Difficulty: Moderate
Ref: Working Today

26. In Charles Handy's description of changing careers, a person who performs specific tasks as needed and is compensated on a fee-for-services basis is a known as a core worker.

Ans: False
Difficulty: Moderate
Ref: Working Today

27. Since employment patterns are changing dramatically, people should maintain a "portfolio of skills" to increase their flexibility and job opportunities.

Ans: True
Difficulty: Easy
Ref: Working Today

28. Organizations in the new workplace should focus on more profits and be less concerned with making real and positive contributions to society.

Ans: False
Difficulty: Easy
Ref: Organizations in the New Workplace

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29. To survive in the new workplace, people must have links with peers and others inside and outside the organization in order to get things done and be able to communicate personal and work group successes and progress.

Ans: True
Difficulty: Moderate
Ref: Organizations in the New Workplace

What Is an Organization?

30. An organization is a group of people working independently while at the same time pursuing their individual goals.

Ans: False
Difficulty: Easy
Ref: Organizations in the New Workplace

31. Each organization should return value to society and satisfy customers' needs in order to justify its continued existence.

Ans: True
Difficulty: Moderate
Ref: Organizations in the New Workplace

Organizations as Systems

32. An open system interacts with its environments to transform resource inputs into product outputs such as finished products and/or services.

Ans: True
Difficulty: Moderate
Ref: Organizations in the New Workplace

33. An open system is a collection of subsystems that function independently from one another.

Ans: False
Difficulty: Easy
Ref: Organizations in the New Workplace

34. Organizations are complex systems with many interrelated parts functioning together to achieve common goals.

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Ans: True
Difficulty: Easy
Ref: Organizations in the New Workplace

35. The open systems model focuses on the internal rather than external factors that transform resources into finished products.

Ans: False
Difficulty: Moderate
Ref: Organizations in the New Workplace

Organizational Performance

36. Value creation refers to the operation through which a business or non-profit organization can add value to the original cost of resource inputs while the business organization earns a profit or the non-profit organization adds wealth to society.

Ans: True
Difficulty: Moderate
Ref: Organizations in the New Workplace

37. Productivity refers to the quantity or the amount of work that is performed by a group or team.

Ans: False
Difficulty: Moderate
Ref: Organizations in the New Workplace

38. Productivity is a measure of the quantity and quality of work performance taking into account how much resources are used.

Ans: True
Difficulty: Easy
Ref: Organizations in the New Workplace

39. Performance effectiveness is a measure of resource costs associated with goal accomplishment, whereas performance efficiency is an output measure of task or goal accomplishment.

Ans: False
Difficulty: Easy
Ref: Organizations in the New Workplace

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40. Resource utilization determines whether an organization is efficient.

Ans: True
Difficulty: Easy
Ref: Organizations in the New Workplace

41. Low versus high goal attainment determines whether an organization is efficient but not effective.

Ans: False
Difficulty: Moderate
Ref: Organizations in the New Workplace

42. A manager who emphasizes meeting production targets even if there is a cost overrun is more interested in performance efficiency than in performance effectiveness.

Ans: False
Difficulty: Hard
Ref: Organizations in the New Workplace

Changing Nature of Organizations

43. Greater focus on command and control, concern for efficiency, and emphasis on individual performance are some recent trends in managing organizations.

Ans: False
Difficulty: Moderate
Ref: Organizations in the New Workplace

44. Because of the pressures to achieve performance excellence, the command-and-control approach to leadership is being re-emphasized.

Ans: False
Difficulty: Moderate
Ref: Organizations in the New Workplace

45. Organizations that treat their people better tend to perform better.

Ans: True
Difficulty: Easy
Ref: Managers in the New Workplace

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What Is a Manager?

46. A manager is a person in an organization who supports and is responsible for the work efforts and performance accomplishments of other people.

Ans: True
Difficulty: Easy
Ref: Managers in the New Workplace

47. A manager is a person who is primarily responsible for completing his/her own work, not managing the overall performance of entire organization.

Ans: False
Difficulty: Moderate
Ref: Managers in the New Workplace

48. A manager is a person in an organization who is responsible for the work efforts and performance accomplishments of other people.

Ans: True
Difficulty: Easy
Ref: Managers in the New Workplace

49. Managers have the least vital job in society since their primary goal is to help people to achieve their career objectives.

Ans: False
Difficulty: Moderate
Ref: Managers in the New Workplace

Levels and Types of Managers

50. Top managers are responsible for the performance of an organization as a whole or for one of the larger parts.

Ans: True
Difficulty: Easy
Ref: Managers in the New Workplace

51. Top managers are more concerned with the daily operations of the internal business processes than with activities in the external environment that impact the organization.

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Ans: False
Difficulty: Moderate
Ref: Managers in the New Workplace

52. Middle managers are in charge of relatively large departments or divisions consisting of smaller work units.

Ans: True
Difficulty: Easy
Ref: Managers in the New Workplace

53. Middle managers are responsible for supervising small groups or work units.

Ans: False
Difficulty: Moderate
Ref: Managers in the New Workplace

54. An example of a middle manager is a clinic director in a hospital who develops and implements action plans consistent with the objective set by the hospital's higher-level executives.

Ans: True
Difficulty: Moderate
Ref: Managers in the New Workplace

55. A project manager is responsible for managing a smaller work unit composed of professionals.

Ans: False
Difficulty: Easy
Ref: Managers in the New Workplace

56. A team leader is someone who coordinates complex projects with task deadlines while working with many persons within and outside the organization.

Ans: False
Difficulty: Moderate
Ref: Managers in the New Workplace

57. The responsibilities of a team leader or supervisor will include planning meetings and work schedules; recruiting, training, and developing team members to meet performance standards; and recommending pay increases for subordinates.

Ans: True
Difficulty: Moderate

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Ref: Managers in the New Workplace

58. Staff managers are responsible for the work activities that make a direct contribution to the organization's outputs.

Ans: False
Difficulty: Moderate
Ref: Managers in the New Workplace

59. Line managers use special expertise to advise and support the efforts of staff workers.

Ans: False
Difficulty: Easy
Ref: Managers in the New Workplace

60. General managers have responsibility for managing a single area of activity, such as finance, marketing, production, human resources, accounting, or sales.

Ans: False
Difficulty: Moderate
Ref: Managers in the New Workplace

61. Administrators are managers who are directly responsible for managing budgets and operations in large corporations.

Ans: False
Difficulty: Easy
Ref: Managers in the New Workplace

Managerial Performance

62. Managers help people, working individually or in groups, to achieve productivity and accomplish organizational goals.

Ans: True
Difficulty: Easy
Ref: Managers in the New Workplace

63. Accountability is the requirement of an employee to show performance results to some person of higher authority within his or her area of responsibility.

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Ans: True
Difficulty: Moderate
Ref: Managers in the New Workplace

64. Efficient managers help others to both (a) achieve high levels of performance and (b) experience satisfaction in their work.

Ans: False
Difficulty: Hard
Ref: Managers in the New Workplace

65. Quality of work life is an indicator of the overall quality of human experiences in the workplace.

Ans: True
Difficulty: Easy
Ref: Managers in the New Workplace

Changing Nature of Managerial Work

66. In organizations that are operating with an upside-down pyramid, operating workers are near the top of the organization, just below the customers and clients they serve, and are supported by the managers located at the bottom.

Ans: True
Difficulty: Moderate
Ref: Managers in the New Workplace

67. In an upside-down pyramid, managers symbolically remain at the top of the organizational pyramid.

Ans: False
Difficulty: Moderate
Ref: Managers in the New Workplace

68. In an upside-down pyramid, the best managers are often known for "helping" and "supporting" rather than "directing" and "order-giving."

Ans: True
Difficulty: Moderate
Ref: Managers in the New Workplace

Functions of Management

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69. Management is the process of planning, organizing, leading, and controlling the use of resources to accomplish performance goals.

Ans: True
Difficulty: Moderate
Ref: The Management Process

70. Planning is the process of measuring work performance, comparing results to objectives, and taking corrective action as needed.

Ans: False
Difficulty: Moderate
Ref: The Management Process

71. Organizing is the process of assigning tasks, allocating resources, and coordinating the activities of individuals and groups to implement plans.

Ans: True
Difficulty: Easy
Ref: The Management Process

72. Leading is the process of arousing people's enthusiasm to work hard and inspiring their efforts to fulfill plans and accomplish objectives.

Ans: True
Difficulty: Easy
Ref: The Management Process

73. Controlling is the process of assigning tasks, allocating resources, and coordinating activities.

Ans: False
Difficulty: Easy
Ref: The Management Process

Managerial Roles and Activities

74. According to Henry Mintzberg, the manager's interpersonal roles include being an entrepreneur, disturbance handler, resource allocator, and negotiator.

Ans: False

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Difficulty: Moderate
Ref: The Management Process

Managerial Agendas and Networks

75. Agenda setting and networking are activities that contribute to a general manager's success.

Ans: True
Difficulty: Easy
Ref: The Management Process

76. Good managers focus on setting and implementing goals with the help of relatively few people who work inside of the organization.

Ans: False
Difficulty: Moderate
Ref: The Management Process

77. Networking is the process of building and maintaining positive relationships with people whose help may be needed to implement one's work agendas.

Ans: True
Difficulty: Moderate
Ref: The Management Process

Essential Managerial Skills

78. The demands of today's organizations create problems, opportunities, and performance expectations that make people's career success dependent on a commitment to continuous lifelong learning.

Ans: True
Difficulty: Hard
Ref: Learning How to Manage

79. Lifelong learning is the ability to translate knowledge into action that results in desired performance.

Ans: False
Difficulty: Moderate
Ref: Learning How to Manage

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80. A technical skill is the ability to work well in cooperation with other persons, whereas a human skill is the ability to view a situation broadly and solve problems to the benefit of all concerned.

Ans: False
Difficulty: Moderate
Ref: Learning How to Manage

81. Emotional intelligence relates to one's ability to develop social and interpersonal skills.

Ans: True
Difficulty: Moderate
Ref: Learning How to Manage

82. A conceptual skill is the ability to use special skills or expertise to do one's work.

Ans: False
Difficulty: Moderate
Ref: Learning How to Manage

Developing Managerial Competencies

83. A managerial competency is a skill-based capability that contributes to high performance in a managerial job.

Ans: True
Difficulty: Easy
Ref: Learning How to Manage

84. Self-management is the ability to work effectively with others as a member of a team.

Ans: False
Difficulty: Moderate
Ref: Learning How to Manage

Multiple Choice

85. The "themes of the day" for great organizations in the New Economy are:
a) Participation, Respect, Tradition, Involvement, Self-management
b) Self-management, Involvement, Respect, Participation, Teamwork
c) Involvement, Respect, Self-management, Teamwork, Shareholder value
d) Respect, Involvement, Participation, Self-management, Control
e) Self-management, Participation, Teamwork, Respect, Action

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Ans: B
Difficulty: Moderate
Ref: Introduction

86. In today's new workplace, careers are being redefined in terms of:
a) Flexibility, free agency, skill portfolios, and entrepreneurship.
b) Free agency, Entrepreneurship, Skill portfolios, Control
c) Skill portfolios, Free agency, Entrepreneurship, Competitiveness
d) Free agency, Skill portfolios, Entrepreneurship, Diversity
e) Entrepreneurship, Free agency, Skill portfolios, Traditional values

Ans: A
Difficulty: Hard
Ref: Working Today

87. In addition to initiative and discipline, career success today also requires:
a) Continuous learning
b) Aggressiveness
c) Competitiveness
d) A strong sense of tradition
e) Assertiveness

Ans: A
Difficulty: Moderate
Ref: Working Today

88. The one concept that does not accurately describe factors impacting careers in the new economy is:
a) Free agency.
b) Flexibility.
c) Entrepreneurship.
d) Guaranteed employment.
e) Skill portfolios.

Ans: D
Difficulty: Moderate
Ref: Working Today

89. In the "war for talent," which is NOT a concern facing hiring organizations.
a) Not enough "Generation Xers" are ready to replace baby boomers soon to retire
b) Many senior managers at America's largest firms are close to retirement
c) Most large employers are worried their talent pools are insufficient
d) There will always be more qualified workers than available jobs
e) None of the above

Ans: D
Difficulty: Moderate

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Ref: Working Today

90. The ultimate foundation of organizational performance is _____.
a) The availability and amount of financial capital.
b) The production of quality goods or the provision of quality services.
c) What people know, what people learn, and what people do with what they know and learn.
d) Generating a good return on capital investments.
e) Encouraging teamwork and employee involvement

Ans: C
Difficulty: Moderate
Ref: Working Today

91. _____ is defined as the collective brainpower or shared knowledge of a workforce that can be used to create value.
a) Managerial expertise
b) Intellectual capital
c) A learning organization
d) Knowledge management
e) Managerial competency

Ans: B
Difficulty: Easy
Ref: Working Today

92. Having a successful career in the new economy requires a person to _____.
a) Be willing to achieve greater personal competency and accomplishment
b) Have a variety of personal experiences working in foreign countries
c) Be a self-starter who is continuously learning new things
d) Take risks
e) A and C

Ans: E
Difficulty: Moderate
Ref: Working Today

93. Someone whose mind is a critical asset to employers and who contributes to the intellectual capital of the organization is referred to as a(n) _____.
a) leader
b) executive
c) functional manager
d) intrapreneur
e) knowledge worker

Ans: E
Difficulty: Easy
Ref: Working Today

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94. Differences among members of the workforce — such as age, gender, religion, national origin, sexual orientation, and able-bodiedness — are characteristics of _____.
a) racial discrimination
b) workforce diversity
c) workforce demographics
d) workforce planning and development
e) human resource management

Ans: B
Difficulty: Moderate
Ref: Working Today

95. Holding negative, irrational opinions and attitudes toward members of diverse populations is considered to be _____.
a) discrimination
b) unethical
c) illegal
d) prejudice
e) immoral

Ans: D
Difficulty: Moderate
Ref: Working Today

96. Treating minority members unfairly and denying them the full benefits of organizational membership is called _____.
a) prejudice
b) discrimination
c) the glass ceiling effect
d) stereotyping
e) bias

Ans: B
Difficulty: Moderate
Ref: Working Today

97. The existence of an invisible barrier that prevents women and minorities from rising above a certain level of organizational responsibility is called _____.
a) prejudice
b) the glass ceiling effect
c) Gender Bias.
d) The Good Old Boy network
e) Stereotyping

Ans: B
Difficulty: Moderate

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Ref: Working Today

98. _____ is the worldwide interdependence of resource flows, product markets, and business competition that characterizes the new economy.
a) International entrepreneurship
b) International management
c) Globalization
d) Supply chain management
e) Cross-cultural business

Ans: C
Difficulty: Moderate
Ref: Working Today

99. Which of the following statements does not accurately describe the impact of the global economy?
a) The world is increasingly arranged in regional economic blocks.
b) Government leaders in our global economy are concerned about the competitiveness of nations.
c) The national boundaries of business are disappearing.
d) Countries and peoples are increasingly interconnected.
e) There is less economic interdependence between nations.

Ans: E
Difficulty: Moderate
Ref: Working Today

100. _____ and _____ help organizations of all types and sizes, locally and internationally, to speed transactions and improve decision making.
a) Knowledge workers … computers
b) NAFTA …the World Trade Organization
c) The Internet … information technology
d) Information technology … human capital
e) Globalization … workforce diversity

Ans: C
Difficulty: Moderate
Ref: Working Today

101. _____ and _____facilitated by information technologies are increasingly becoming the foundations of organizations.
a) Virtual teams and virtual meetings
b) "Networks" and "networking"
c) Online media…electronic commerce
d) Common databases…web blogs
e) None of the above.

Ans: B
Difficulty: Hard

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Ref: Working Today

102. In _____ people hold meetings, access common databases, share information and files, make plans and solve problems together.
a) Web blogs
b) Conference calls
c) Telecommuting
d) Virtual space
e) One of the above

Ans: D
Difficulty: Easy
Ref: Working Today

103. _____ consists of a code of moral principles that sets standards of what is "good" or "right" as opposed to being "bad" or "wrong."
a) A set of norms
b) Personal values
c) Morality
d) Ethics
e) Social responsibility

Ans: D
Difficulty: Moderate
Ref: Working Today

104. A well-known business executive goes to jail for not revealing a personal financial interest in a project that will significantly benefit company profits. This executive's action is an example of _____.
a) corporate social responsibility
b) opportunistic behaviour
c) violating managerial ethics
d) adhering to company policies
e) dishonesty

Ans: C
Difficulty: Moderate
Ref: Working Today

105. Which of the following are appropriate targets for ethical and social responsibility issues?
a) Concerns for the natural environment.
b) Protection of consumers.
c) Protection of human rights.
d) Product Safety.
e) All of the above.

Ans: E
Difficulty: Moderate

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Ref: Working Today

106. In the 21st century, which ethical expectation is an organization and its members not likely to encounter?
a) The expectation of treating customers right and acting in ways consistent with society's values.
b) The expectation of sustainable development and protection of the natural environment.
c) The expectation of protecting consumers through product safety and fair practices.
d) The expectation of protecting human rights, including employment policies and practices.
e) The expectation that stockholders' interests and profitability are the primary considerations when organizations make decisions affecting the environment.

Ans: E
Difficulty: Hard
Ref: Working Today

107. _____ is defined as a set of standards that describes what is good and right in terms of one's behaviour.
a) Morality
b) Norms and values
c) Corporate governance
d) Ethics
e) Social responsibility

Ans: D
Difficulty: Easy
Ref: Working Today

108. The typical career in the 21st century _____.
a) Won't be uniformly full-time and limited to a single organization.
b) Will require skills to be portable and of value to more than one employer.
c) Will require skills to be carefully maintained and upgraded over time.
d) All of the above.
e) None of the above.

Ans: D
Difficulty: Moderate
Ref: Working Today

109. According to Charles Handy, the Irish shamrock can be used to describe the changing employment patterns in organizations of _____.
a) Full-time workers, part-time workers, and temporary workers
b) Contract workers, full-time workers, and core employees
c) Core workers, contract workers, and part-time workers
d) Skilled workers, unskilled labourers, and contract workers
e) Technical employees, unskilled labourers, and skilled workers

Ans: C
Difficulty: Moderate

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Ref: Working Today

110. According to Charles Handy, a _____ is a person who pursues a traditional career path.
a) temporary skilled worker
b) contract worker
c) part-time worker
d) core worker
e) manager

Ans: D
Difficulty: Moderate
Ref: Working Today

111. In Charles Handy's description of changing careers, a person who maintains and upgrades their skills in order to readily shift jobs and even careers when necessary is a _____.
a) contingent worker
b) core worker
c) portfolio worker
d) temporary worker
e) part-time worker

Ans: C
Difficulty: Moderate
Ref: Working Today

112. Which of the following is not one of the critical survival skills for the new workplace that is identified in the text?
a) Entrepreneurship.
b) Love of technology.
c) Marketing.
d) Teamwork.
e) Mastery.

Ans: D
Difficulty: Hard
Ref: Organizations in the New Workplace

113. To survive in the new workplace, people must do all of the following EXCEPT:
a) Be able to contribute something of value to their employers
b) Have links with peers and others inside and outside the organization in order to get things done
c) Be able to communicate personal and work group successes and progress
d) Act as if they are running their own businesses
e) Have an extensive knowledge of information technology

Ans: E
Difficulty: Moderate
Ref: Organizations in the New Workplace

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114. An organization is a _____
a) collection of people working on the same projects
b) collection of people working together to achieve a common purpose
c) collection of people reporting to the same manager
d) collection of people working in different departments
e) collection of people working together in a business

Ans: B
Difficulty: Moderate
Ref: Organizations in the New Workplace

115. Providing useful _____ and/or _____ is a broad purpose that all organizations share.
a) information … resources.
b) skills … knowledge.
c) goods … services.
d) structures … technology.
e) information technology … training.

Ans: C
Difficulty: Moderate
Ref: Organizations in the New Workplace

116. _____ is increasingly viewed as a source of organizational strength and performance advantage.
a) Making a profit and providing a high return to stockholders
b) Producing quality products and providing customer satisfaction
c) Producing goods and services for worldwide consumption
d) Making the highest return on investment and having the greatest profitability
e) Diversification through mergers and acquisitions

Ans: B
Difficulty: Moderate
Ref: Organizations in the New Workplace

117. Organizations are complex systems composed of _____.
a) various subsystems, each of which works for separate goals
b) sets of organizational policies and processes
c) many interdependent parts that function together to achieve a common purpose
d) different groups or units working for the same organization
e) completely independent subsystems that interact with their environments

Ans: C
Difficulty: Moderate
Ref: Organizations in the New Workplace

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118. Which of the following accurately describes an open system?
a) An open system is used to share and exchange information across organizational boundaries.
b) An open system is a collection of subsystems that are not connected to the external environment.
c) An open system is one of many systems that have a positive impact on employee satisfaction.
d) An open system interacts with the external environment in a continual process of transforming resource inputs into product outputs in the form of finished goods and/or services.
e) An open system treats its employees as an important asset.

Ans: D
Difficulty: Hard
Ref: Organizations in the New Workplace

119. Which of the following statements accurately describes the open systems model of organizations?
a) The environment provides resource inputs including finished goods and/or services.
b) The organization creates a transformation process for turning resource inputs into outputs.
c) The environment consumes product outputs including people, money, materials, technology, and information.
d) Resource inputs affect product outputs through a feedback loop.
e) Workflows are part of the resource inputs.

Ans: B
Difficulty: Moderate
Ref: Organizations in the New Workplace

120. _____ refers to the operation through which a business or non-profit organization can add value to the original cost of resource inputs while the business organization earns a profit or the non-profit organization adds wealth to society.
a) Production
b) Resource management
c) Value creation
d) Operations management
e) Resource utilization

Ans: C
Difficulty: Moderate
Ref: Organizations in the New Workplace

121. If an operation adds value to the original cost of resource inputs, non-profit organizations _____ and business organizations _____.
a) earn a profit … increase shareholder value
b) benefit society … earn a profit
c) earn a profit …. promote corporate social responsibility
d) increase shareholder value … promote corporate governance
e) promote corporate social responsibility … increase market share

Ans: B
Difficulty: Hard
Ref: Organizations in the New Workplace

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122. _____ refers to the quantity and quality of work performance, with resource utilization taken into account.
a) Effectiveness.
b) Efficiency.
c) Profitability.
d) Productivity.
e) Organizational performance.

Ans: D
Difficulty: Moderate
Ref: Organizations in the New Workplace

123. An output measure of task or goal accomplishment is called _____.
a) performance efficiency
b) productivity
c) return on investment
d) performance effectiveness
e) value creation

Ans: D
Difficulty: Moderate
Ref: Organizations in the New Workplace

124. A measure of the resource cost associated with goal accomplishment is called _____.
a) performance efficiency
b) productivity
c) return on Investment
d) performance effectiveness
e) value creation

Ans: A
Difficulty: Moderate
Ref: Organizations in the New Workplace

125. Which of the following statements does NOT accurately describe the impact of resource utilization and goal attainment on organizational performance?
a) When resource utilization is poor and goal attainment is low, organizational performance is neither effective nor efficient.
b) When resource utilization is good and goal attainment is low, organizational performance is efficient but not effective.
c) When resource utilization is poor and goal attainment is high, organizational performance is effective but not efficient.
d) When resource utilization is good and goal attainment is high, organizational performance is both effective and efficient.
e) Organizational performance is unaffected by poor versus good resource utilization and low versus high goal attainment.

Ans: E

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Difficulty: Hard
Ref: Organizations in the New Workplace

126. A manager who emphasizes cost containment, even at the expense of missing production targets, is more interested in _____ than in _____.
a) performance efficiency … performance effectiveness.
b) performance effectiveness … performance efficiency.
c) productivity … performance efficiency.
d) productivity … performance effectiveness.
e) productivity … Profitability.

Ans: A
Difficulty: Hard
Ref: Organizations in the New Workplace

127. Which of the following is NOT one of the ways that organizations are changing as mentioned in the text?
a) Pre-eminence of technology.
b) Demise of command-and-control.
c) Progressive brand marketing.
d) Belief in human capital.
e) Emphasis on teamwork.

Ans: C
Difficulty: Moderate
Ref: Organizations in the New Workplace

128. Emphasis on teamwork, pre-eminence of technology, and concern for work-life balance are all examples of:
a) Performance effectiveness
b) Performance efficiency
c) Productivity
d) Today's organizational trends
e) None of the above.

Ans: D
Difficulty: Moderate
Ref: Organizations in the New Workplace

129. According to the text, Pfeffer and Veiga reported that organizations perform better than their competitors _____.
a) when they focus on increasing market share
b) treat customers with respect
c) when they treat their employees better
d) when they encourage workforce diversity
e) when they address unsatisfactory performance

Ans: C
Difficulty: Moderate

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Ref: Managers in the New Workplace

130. A manager may be defined in the text as _____.
a) someone who directly supports and helps activate the work efforts and performance accomplishments of others
b) someone who is loyal to the organization
c) someone who is responsible for directing and/ supervising lower level employees
d) someone who is part of the organizational hierarchy
e) someone who tries to produce as much output with as little personal input as possible

Ans: A
Difficulty: Moderate
Ref: Managers in the New Workplace

131. When managers are classified according to hierarchical level in the organization they are described as _____.
a) project and product managers
b) global and domestic
c) top, middle, and team leaders or supervisors
d) functional, staff, and line
e) administrative and general

Ans: C
Difficulty: Easy
Ref: Managers in the New Workplace

132. _____ are responsible for the performance of the organization as a whole or of one of its major parts.
a) Top level managers
b) Middle level managers
c) Team leaders or supervisors
d) Functional managers
e) Project managers

Ans: A
Difficulty: Easy
Ref: Managers in the New Workplace

133. Which of the following statements does not accurately describe the activities of top managers?
a) Top managers pay special attention to the external environment.
b) Top managers are alert to potential long-run problems and opportunities, and develop appropriate ways of dealing with them.
c) Top managers develop and implement actions plans to accomplish organizational objectives.
d) Top managers create and communicate long-term vision.
e) Top managers ensure that strategies and objectives are consistent with the organization's mission.

Ans: C
Difficulty: Moderate
Ref: Managers in the New Workplace

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134. _____ are in charge of relatively large departments or divisions consisting of several smaller work units.
a) Top managers
b) Middle managers
c) Team leaders or supervisors
d) General managers
e) Project managers

Ans: B
Difficulty: Moderate
Ref: Managers in the New Workplace

135. Which statement about middle management is TRUE?
a) Middle management includes executives and vice presidents.
b) Middle managers work with top managers and coordinate with peers to develop and implement action plans to accomplish organizational objectives
c) Middle managers develop high-level action plans for implementation by people at lower levels in the organization.
d) Middle managers do not have other managers reporting to them.
e) Middle managers constitute the first level of an organization's hierarchy of authority.

Ans: B
Difficulty: Moderate
Ref: Managers in the New Workplace

136. A _____ is a person who is in charge of a small work group composed of non-managerial workers.
a) general manager
b) line manager
c) team leader
d) middle manager
e) functional manager

Ans: C
Difficulty: Moderate
Ref: Managers in the New Workplace

137. The responsibilities of team leaders and supervisors include all of the following except:
a) Encouraging high performance and teamwork.
b) Informing team members about organizational goals and expectations.
c) Developing and implementing action plans for large departments or divisions.
d) Informing higher levels of team needs and accomplishments.
e) Coordinating with other teams and supporting their work efforts.

Ans: C
Difficulty: Hard
Ref: Managers in the New Workplace

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138. _____ pursue work unit performance objectives that are consistent with higher-level organizational goals.
a) Top managers
b) Middle managers
c) Team leaders or supervisors
d) Functional managers
e) General managers

Ans: C
Difficulty: Moderate
Ref: Managers in the New Workplace

139. Managers who have responsibility for work activities that make a direct contribution to producing the organization's product or service are called _____.
a) General managers
b) Line managers
c) Middle managers
d) Staff managers
e) Project managers

Ans: B
Difficulty: Moderate
Ref: Managers in the New Workplace

140. Managers who use their special technical expertise to support the efforts of line workers are called _____.
a) line managers
b) staff managers
c) project managers
d) general managers
e) administrators

Ans: B
Difficulty: Moderate
Ref: Managers in the New Workplace

141. _____ managers use their special technical expertise to support the efforts of _____ managers.
a) General … functional
b) Administrative …project
c) Higher-level … lower-level
d) Staff … line
e) Line … staff

Ans: D
Difficulty: Moderate
Ref: Managers in the New Workplace

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142. A manager who has responsibility for a single area of activity in the organization is _____.
a) a staff manager
b) a line manager
c) a functional manager
d) a general manager
e) a project manager

Ans: C
Difficulty: Moderate
Ref: Managers in the New Workplace

143. A manager who is responsible for complex organizational units that include many functional areas of activity is _____.
a) an administrator
b) a staff manager
c) a supervisor
d) a team leader
e) a general manager

Ans: E
Difficulty: Moderate
Ref: Managers in the New Workplace

144. A plant manager who oversees the purchasing, manufacturing, warehousing, sales, and personnel functions may be described as a(n) _____.
a) general manager
b) administrator
c) functional manager
d) staff manager
e) project manager

Ans: A
Difficulty: Moderate
Ref: Managers in the New Workplace

145. Managers who work in public or non-profit organizations are called _____.
a) staff managers
b) line managers
c) functional managers
d) general managers
e) administrators

Ans: E
Difficulty: Moderate
Ref: Managers in the New Workplace

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146. The organizational requirement for one person to answer back to a higher authority for performance results in his or her area of work responsibility is known as _____.
a) productivity
b) quality management
c) accountability
d) chain of command
e) performance management

Ans: C
Difficulty: Moderate
Ref: Managers in the New Workplace

147. Truly effective managers utilize organizational resources in ways that result in both _____ and _____.
a) high-performance outcomes … high levels of satisfaction for the workers
b) high-performance outcomes … high returns to the stockholders
c) high-quality products or services … high returns to the stockholders
d) high profit margins … large market shares
e) high returns to the stockholders … high levels of satisfaction for the workers

Ans: A
Difficulty: Hard
Ref: Managers in the New Workplace

148. The overall quality of human experiences in the workplace is known as _____.
a) human resource management
b) working conditions
c) quality of work life
d) total quality management
e) continuous learning

Ans: C
Difficulty: Moderate
Ref: Managers in the New Workplace

149. Which statement about quality of work life (QWL) is FALSE?
a) QWL expresses true respect for people at work.
b) QWL is part of all manager's accountability.
c) QWL provides for protection of individual rights.
d) QWL deals with human resource utilization in the performance process.
e) QWL changes very little during tough economic times.

Ans: E
Difficulty: Moderate
Ref: Managers in the New Workplace

150. High-performing managers are good at doing all of the following except:

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a) Building working relationships with others.
b) Creating a work environment that is only performance-driven.
c) Helping others to develop their skills and performance competencies
d) Fostering teamwork.
e) Creating a work environment that fosters both performance and satisfaction.

Ans: B
Difficulty: Moderate
Ref: Managers in the New Workplace

151. When the CEO of a large retail store chain decided to sell off or close some of the locations that were not profitable, he was performing the management function referred to as_____
a) Delegating.
b) Planning.
c) Organizing.
d) Leading.
e) Controlling.

Ans: B
Difficulty: Hard
Ref: The Management Process

152. The four basic functions of management are _____.
a) delegating, planning, organizing, and order giving.
b) organizing, leading, controlling, and order giving.
c) planning, organizing, leading, and controlling.
d) delegating, leading, controlling, and decision making.
e) planning, leading, controlling, and decision making.

Ans: C
Difficulty: Easy
Ref: The Management Process

153. Setting performance objectives and determining the action steps for accomplishing them describes the management function of _____.
a) planning
b) organizing
c) leading
d) controlling
e) decision making

Ans: A
Difficulty: Easy
Ref: The Management Process

154. Jennifer assigns George a project to be completed by the end of the month and then holds periodic meetings with him to review his progress. Which of the management functions is Jennifer performing?

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a) Delegating.
b) Planning.
c) Organizing.
d) Leading.
e) Controlling.

Ans: E
Difficulty: Moderate
Ref: The Management Process

155. Assigning tasks, allocating resources, and arranging the coordinated activities of individuals and groups to implement plans describe the management function of _____.
a) delegating
b) planning
c) organizing
d) leading
e) controlling

Ans: C
Difficulty: Moderate
Ref: The Management Process

156. Inspiring and motivating employees to work hard and supporting their efforts to fulfill plans and accomplish objectives describes the management function of _____.
a) Planning.
b) Organizing.
c) Motivating.
d) Leading.
e) Controlling.

Ans: D
Difficulty: Moderate
Ref: The Management Process

157. The owner of OFC, a small, family-owned business that manufactures and markets organic fruit spreads, has hired eight teenagers to help during the summer season. The teens were divided into two groups. One group led by Rudy prepares the fruit for cooking. The second group led by Amy packs the filled and cooled jars in boxes. When the owner meets with Rudy to find out why his group is not preparing the fruit as quickly as was expected, she is engaged in which management function?
a) Planning
b) Organizing
c) Leading
d) Motivating
e) Controlling

Ans: C
Difficulty: Moderate
Ref: The Management Process

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158. OFC is a small, family-owned business that manufactures and markets fruit spreads. Every day at break time, the owner of the company randomly selects a jar from inventory to serve to employees. Each employee samples the spread and evaluates its quality. This is an example of _____.
a) planning
b) organizing
c) leading
d) controlling
e) delegating

Ans: D
Difficulty: Hard
Ref: The Management Process

159. Henry Mintzberg identified a set of roles that managers perform. These roles are grouped into which of the following three categories?
a) Interpersonal, strategic, and decisional.
b) Strategic, informational, and authoritarian.
c) Interpersonal, informational, and decisional.
d) Supervisory, authoritarian, and decisional.
e) Supervisory, informational, and strategic.

Ans: C
Difficulty: Moderate
Ref: The Management Process

160. According to Henry Mintzberg, managerial roles that involve interactions with people inside and outside the work unit are called _____.
a) informational roles
b) interpersonal roles
c) decisional roles
d) technical roles
e) human roles

Ans: B
Difficulty: Moderate
Ref: The Management Process

161. According to John Kotter, two activities are fundamental to a general manager's success in mastering daily challenges. These two activities are:
a) Negotiating and directing.
b) Motivating and controlling.
c) Planning and controlling.
d) Agenda setting and networking.
e) Communicating and leading.

Ans: D
Difficulty: Moderate

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Ref: The Management Process

162. When general managers develop action priorities for their jobs that include goals and plans spanning long and short time frames, they are performing the important activity of _____.
a) agenda setting
b) leading
c) motivating
d) controlling
e) information processing

Ans: A
Difficulty: Moderate
Ref: The Management Process

163. _____ is the process of continuously learning from our daily experiences and opportunities.
a) A managerial competence
b) Continuous improvement
c) Lifelong learning
d) Experienced-based skill development
e) Knowledge acquisition

Ans: C
Difficulty: Easy
Ref: Learning How to Manage

164. In management, the ability to translate knowledge into action that results in desired performance is called _____.
a) action-orientation
b) decision-making
c) performance effectiveness
d) performance efficiency
e) a skill

Ans: E
Difficulty: Easy
Ref: Learning How to Manage

165. According to Robert Katz, the essential skills of management can be grouped into three categories. These categories are:
a) Communicative, procedural, and strategic.
b) Communicative, technical, and human.
c) Human, supervisory, and conceptual.
d) Technical, human, and conceptual.
e) Procedural, supervisory, and strategic.

Ans: D
Difficulty: Easy

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Ref: Learning How to Manage

166. According to Robert Katz, the managerial skills least important to a top manager are:
a) Technical skills.
b) Organizational skills.
c) Administrative skills.
d) Conceptual skills.
e) Supervisory skills.

Ans: A
Difficulty: Moderate
Ref: Learning How to Manage

167. Brenda is calculating the inventory turnover statistics for her department. She is drawing mainly on her _____ skills.
a) supervisory
b) conceptual
c) creative
d) technical
e) strategic

Ans: D
Difficulty: Easy
Ref: Learning How to Manage

168. Murray, the manager of a company that manufactures carpets has a reputation for being open and supportive in dealing with his employees. Employees can feel free to talk to him about any problems they have. He is demonstrating:
a) A technical skill.
b) A human skill.
c) A communicative skill.
d) An administrative skill.
e) A conceptual skill.

Ans: B
Difficulty: Moderate
Ref: Learning How to Manage

169. At the _____ level, technical skills are particularly important.
a) top management
b) administrative
c) middle
d) supervisory
e) board of directors

Ans: D
Difficulty: Easy

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Ref: Learning How to Manage

170. An important component of _____ is the ability to manage ourselves and our relationships effectively, which is also known as _____
a) human skills … emotional intelligence.
b) human skills … self-management.
c) informational roles … self-management.
d) emotional intelligence … interpersonal roles.
e) emotional intelligence … interactional skills.

Ans: A
Difficulty: Moderate
Ref: Learning How to Manage

171. The degree of importance associated with _____ skills remains relatively consistent across all levels of management.
a) technical
b) human
c) diagnostic
d) conceptual
e) Analytical

Ans: B
Difficulty: Moderate
Ref: Learning How to Manage

172. _____ skills include the ability to break down problems into smaller parts, to see the relationships among the parts, and to recognize the implications of any one problem for others.
a) Strategic
b) Administrative
c) Conceptual
d) Supervisory
e) Holistic

Ans: C
Difficulty: Easy
Ref: Learning How to Manage

173. A management team that is thinking critically and analytically in developing an organizational strategy for dealing with a highly competitive global environment is using _____ skills.
a) technical
b) strategic
c) conceptual
d) learning
e) human

Ans: C

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Difficulty: Easy
Ref: Learning How to Manage

174. Which statement concerning the relative importance of technical, human, and conceptual skills at different management levels is TRUE?
a) Their relative importance tends to be about the same at each managerial level.
b) Technical skills are of greatest importance for middle managers.
c) Conceptual skills are most important for top managers.
d) Human skills are of greatest importance for lower-level managers.
e) Technical skills are not needed at all by top managers.

Ans: C
Difficulty: Moderate
Ref: Learning How to Manage

175. A skill-based capability that contributes to high performance in a managerial job is called a _____.
a) managerial competency
b) technical skill
c) managerial skill
d) learned skill
e) success factor

Ans: A
Difficulty: Easy
Ref: Learning How to Manage

176. Managerial competencies are implied in which of the following managerial elements?
a) The management processes of planning, organizing, leading, and controlling.
b) The information, interpersonal, and decision-making demands of managerial roles.
c) The managerial activities of agenda setting and networking.
d) All of the above reflect managerial competencies.
e) None of the above reflects managerial competencies.

Ans: D
Difficulty: Moderate
Ref: Learning How to Manage

New True/False and Multiple Choice Questions

Managerial Roles and Activities

177. Managers work long hours, work at an intense pace, work at unified and uniform tasks, work with few communication media, and work largely through technical directives.

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Ans: False
Difficulty: Moderate
Ref: The Management Process

178. Important managerial roles include giving, receiving, and analyzing information; interacting with people inside and outside the work unit; and using information to make decisions in order to solve problems or address opportunities.

Ans: True
Difficulty: Moderate
Ref: The Management Process

179. Communication, teamwork, self-management, leadership, critical thinking, and professionalism are important skills and personal characteristics that provide a foundation for continued professional development and career success.

Ans: True
Difficulty: Easy
Ref: Learning How to Manage

Dynamic Forces and The General Environment

180. The general environment consists of all conditions in the external environment that form a background context for managerial decision making.

Ans: True
Difficulty: Easy
Ref: Organizational Environment

181. The general environment consists of the economic, social-cultural, legal-political, technological, and natural environment conditions in the external environment that can substantially influence the operations of an organization.

Ans: True
Difficulty: Easy
Ref: Organizational Environment

182. Socio-cultural conditions in the general environment include the philosophy and objectives of the political party or parties running the government, as well as laws and governmental regulations.

Ans: False
Difficulty: Moderate

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Ref: Organizational Environment

183. Legal-political conditions in the general environment include norms, customs, and social values regarding human right; trends in education and related social institutions; and demographic patterns in society.

Ans: False
Difficulty: Easy
Ref: Organizational Environment

184. Technological conditions in the general environment include the development and availability of technology, including scientific advancements.

Ans: True
Difficulty: Easy
Ref: Organizational Environment

185. Natural environment conditions in the general environment include nature and conditions of the natural environment, including levels of pubic concern expressed through environmentalism.

Ans: True
Difficulty: Easy
Ref: Organizational Environment

186. Some of the important socio-cultural conditions of the general environment include more people of color and more women entering the workforce, accompanied by decreases in both religious diversity and the number of workers coming from non-traditional families

Ans: False
Difficulty: Moderate
Ref: Organizational Environment

187. Sustainable innovations means that firms operate in ways that both meet the needs of customers and protect or advance the well-being of our natural environment.

Ans: False
Difficulty: Moderate
Ref: Organizational Environment

Stakeholders and the Specific Environment

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188. The specific environment consists of the of all the background conditions in the external environment of an organization.

Ans: False
Difficulty: Easy
Ref: Organizational Environment

189. The specific environment consists of the actual organizations, groups, and persons with whom an organization interacts and conducts business.

Ans: True
Difficulty: Easy
Ref: Organizational Environment

190. Stakeholders are the persons, groups, and institutions who are affected in some way by the organization's performance.

Ans: True
Difficulty: Easy
Ref: Organizational Environment

191. Value creation refers to the extent to which the organization is creating value for and satisfying the needs of important constituencies.

Ans: True
Difficulty: Easy
Ref: Organizational Environment

192. Customers and owners are important resource input stakeholders in an organization's value creation, whereas suppliers and communities are important product output stakeholders in an organization's value creation.

Ans: False
Difficulty: Moderate
Ref: Organizational Environment

193. Customers, suppliers, competitors, and regulators are not important stakeholders in the specific environment of most organizations.

Ans: False
Difficulty: Moderate
Ref: Organizational Environment

What Is Competitive Advantage?

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194. Competitive advantage is a core competency that sets an organization apart from its competitors and gives it an advantage over them in the marketplace.

Ans: True
Difficulty: Easy
Ref: Organizational Environment

195. An organization can achieve a competitive advantage through pricing, quality, or customer service but not through products or cost efficiency.

Ans: False
Difficulty: Easy
Ref: Organizational Environment

196. The key result of achieving a competitive advantage is an ability to consistently do something of high value that one's competitors cannot replicate quickly or do as well.

Ans: True
Difficulty: Easy
Ref: Organizational Environment

Environmental Uncertainty

197. Environmental uncertainty is based on two dimensions: (a) complexity, or the number of different factors in the environment, and (b) the rate of change in these factors.

Ans: True
Difficulty: Easy
Ref: Organizational Environment

198. High environmental uncertainty occurs when the rate of change in the environment is low and the complexity of the environment is low.

Ans: False
Difficulty: Moderate
Ref: Organizational Environment

199. Environmental uncertainty refers to the lack of complete information regarding what exists and what developments may occur in the external environment.

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Ans: True
Difficulty: Easy
Ref: Organizational Environment

Organizational Effectiveness

200. Organizational effectiveness refers to sustainable high performance in using resources to accomplish mission and objectives.

Ans: True
Difficulty: Easy
Ref: Organizational Environment

201. The systems resource approach to organizational effectiveness looks at the transformation process and examines how efficiently resources are utilized to produce goods and/or services.

Ans: False
Difficulty: Easy
Ref: Organizational Environment

202. The internal process approach to organizational effectiveness looks at the input side and defines effectiveness in terms of success in acquiring needed resources from the organization's environment.

Ans: False
Difficulty: Easy
Ref: Organizational Environment

203. When a company's managerial accountability includes supporting employment opportunities and upward mobility for women, minorities, disabled persons and seniors, the company is _____.
a) Providing good working conditions for employees.
b) Practicing ethical behavior.
c) Valuing workforce diversity.
d) Operating according to the Business Fairness and Civil Equities Act.
e) Promoting differential treatment for some people.

Ans: C
Difficulty: Moderate
Ref: Working Today

204. A manager who is using spreadsheet software to prepare a departmental budget is exercising a _____ skill.
a) Supervisory.
b) Conceptual.

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c) Creative.
d) Technical.
e) Strategic.

Ans: D
Difficulty: Hard
Ref: Learning How to Manage

205. _____ refers to sustainable high performance in using resources to accomplish mission and objectives.
a) Organizational vision.
b) The technological imperative.
c) Organizational effectiveness.
d) Ethical management.
e) High intensity leadership.

Ans: C
Difficulty: Easy
Ref: Organizational Environment

206. The _____ to organizational effectiveness looks at the output side to measure achievement of key operating objectives.
a) Systems resource approach.
b) Internal process approach.
c) Technological approach.
d) Goal approach.
e) Strategic constituencies approach.

Ans: D
Difficulty: Easy
Ref: Organizational Environment

207. An organization can achieve a competitive advantage through which of the following ways?
a) Pricing and customer service.
b) Cost efficiency and quality.
c) Products and quality.
d) All of the above.
e) None of the above.

Ans: D
Difficulty: Moderate
Ref: Organizational Environment

208. The key result of achieving a competitive advantage is _____.
a) An ability to sidestep government regulations.
b) An ability to consistently do something of high value which one's competitors cannot replicate quickly or do as well.
c) An ability to drive the competition out of business and to make extraordinarily high profits.

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d) An ability to establish a monopolistic market position.
e) An ability to dictate consumer needs and preferences.

Ans: B
Difficulty: Moderate
Ref: Organizational Environment

209. The _____ consists of all the conditions in the external environment of an organization that forms a background context for managerial decision making.
a) Task environment.
b) General environment.
c) Specific environment.
d) Management environment.
e) Organizational environment.

Ans: B
Difficulty: Easy
Ref: Organizational Environment

210. General environment conditions exclude which one of the following categories?
a) Technological conditions.
b) Human relations conditions.
c) Economic conditions.
d) Legal-political conditions.
e) Natural environment conditions.

Ans: B
Difficulty: Easy
Ref: Organizational Environment

211. Economic conditions in the general environment include _____.
a) Philosophy and objectives of the political party or parties running the government, as well as laws and governmental regulations.
b) Inflation, income levels, gross domestic product, unemployment, and job outlook.
c) Norms, customs, and social values regarding human rights; trends in education and related social institutions; and demographic patterns in society.
d) Development and availability of technology, including scientific advancements.
e) Nature and conditions of the natural environment, including levels of pubic concern expressed through environmentalism.

Ans: B
Difficulty: Easy
Ref: Organizational Environment

212. Legal-political conditions in the general environment include _____.
a) Philosophy and objectives of the political party or parties running the government, as well as laws and governmental regulations.

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b) Inflation, income levels, gross domestic product, unemployment, and job outlook.
c) Norms, customs, and social values regarding human rights; trends in education and related social institutions; and demographic patterns in society.
d) Development and availability of technology, including scientific advancements.
e) Nature and conditions of the natural environment, including levels of pubic concern expressed through environmentalism.

Ans: A
Difficulty: Easy
Ref: Organizational Environment

213. Socio-cultural conditions in the general environment include _____.
a) Philosophy and objectives of the political party or parties running the government, as well as laws and governmental regulations.
b) Inflation, income levels, gross domestic product, unemployment, and job outlook.
c) Norms, customs, and social values regarding human rights; trends in education and related social institutions; and demographic patterns in society.
d) Development and availability of technology, including scientific advancements.
e) Nature and conditions of the natural environment, including levels of pubic concern expressed through environmentalism.

Ans: C
Difficulty: Easy
Ref: Organizational Environment

214. Technological conditions in the general environment include _____.
a) Philosophy and objectives of the political party or parties running the government, as well as laws and governmental regulations.
b) Inflation, income levels, gross domestic product, unemployment, and job outlook.
c) Norms, customs, and social values regarding human rights; trends in education and related social institutions; and demographic patterns in society.
d) Development and availability of technology, including scientific advancements.
e) Nature and conditions of the natural environment, including levels of pubic concern expressed through environmentalism.

Ans: D
Difficulty: Easy
Ref: Organizational Environment

215. Natural environment conditions in the general environment include _____.
a) Philosophy and objectives of the political party or parties running the government, as well as laws and governmental regulations.
b) Inflation, income levels, gross domestic product, unemployment, and job outlook.
c) Norms, customs, and social values regarding human rights; trends in education and related social institutions; and demographic patterns in society.
d) Development and availability of technology, including scientific advancements.
e) Nature and conditions of the natural environment, including levels of pubic concern expressed through environmentalism.

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Ans: E
Difficulty: Easy
Ref: Organizational Environment

216. Which of the following is NOT a diversity trend in organizations' social-cultural environment?
a) More women are working.
b) People with disabilities are gaining more access to the workplace.
c) People of color are a decreasing percentage of the workforce.
d) More workers come from non-traditional families.
e) Religious diversity of workers is increasing.

Ans: C
Difficulty: Hard
Ref: Organizational Environment

217. The term that is used to describe the actual organizations, groups, and persons with which an organization interacts and conducts business is _____.
a) The general environment.
b) The specific environment.
c) The special environment.
d) The multiple environment.
e) The functional environment.

Ans: B
Difficulty: Easy
Ref: Organizational Environment

218. The specific environment can be described in terms of which of the following?
a) Stakeholders.
b) Persons, groups, or institutions that are affected by the organization's performance.
c) The task environment.
d) All of the above.
e) None of the above.

Ans: D
Difficulty: Hard
Ref: Organizational Environment

219. Persons, groups, and institutions that are affected in some way by the organization's performance are referred to as _____.
a) Agencies.
b) Stakeholders.
c) Target populations.
d) Corporate governance.
e) Community dependents.

Ans: B

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Difficulty: Easy
Ref: Organizational Environment

220. All of the following are important stakeholder elements in the task environment of most organizations EXCEPT:
a) Customers.
b) Suppliers.
c) Supervisors.
d) Competitors.
e) Regulators.

Ans: C
Difficulty: Easy
Ref: Organizational Environment

221. _____ refers to the extent to which the organization is developing value for and satisfying the needs of important strategic constituencies.
a) Constituency development.
b) Organization development.
c) Value creation.
d) Strategic needs management.
e) Constituency creation.

Ans: C
Difficulty: Easy
Ref: Organizational Environment

222. _____ means that there is a lack of complete information regarding what exists and what developments may occur in the external environment.
a) Environmental complexity.
b) Environmental dynamism.
c) Environmental change.
d) Environmental uncertainty.
e) Environmental information.

Ans: D
Difficulty: Easy
Ref: Organizational Environment

223. Which of the following statements accurately describe the concept of environmental uncertainty?
a) Environmental uncertainty consists of two components — complexity of the environment and rate of change in the environment.
b) High environmental uncertainty occurs when the rate of change in the environment is high and the complexity of the environment is low.
c) Low environmental uncertainty occurs when the rate of change in the environment is low and the complexity of the environment is high.
d) All of the above statements accurately describe environmental uncertainty.

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e) None of the above statements accurately describe environmental uncertainty.

Ans: A
Difficulty: Easy
Ref: Organizational Environment

224. All of the following are true statements regarding environmental uncertainty EXCEPT:
a) There is a lack of complete information concerning what developments will occur in the external environment.
b) Most organizations encounter relatively little uncertainty in their environments.
c) Complexity refers to the number of different factors that exist in the environment.
d) The rate of change in factors in the environment is one component of environmental uncertainty.
e) Environmental uncertainty makes it difficult to understand potential implications for the organization.

Ans: B
Difficulty: Moderate
Ref: Organizational Environment

Essay Questions

225. Explain why people, an organization's employees, are considered an invaluable asset.

Ans: People and their talents —what they know, what they learn, and what they do with it—are the ultimate foundations of organizational performance. They represent what managers call intellectual capital, the collective brainpower or shared knowledge of a workforce that can be used to create value. Indeed, the ultimate elegance of any organization is its ability to combine the talents of many people, sometimes thousands of them, to achieve unique and significant results.
Response: Page 6
Difficulty: Easy
Ref: Working Today

226. Describe the various challenges that managers must face in the 21st century workplace. To what extent are you, as a future manager, prepared to meet each of these challenges? Explain your answer.

Ans: The challenges that managers must face in the 21st century work environment include the following:
- Intellectual capital — intellectual capital and knowledge workers increasingly drive organizations; since knowledge constantly becomes obsolete, everyone is under pressure to learn and continually apply new knowledge.
- Globalization — economic competitiveness is a challenge of worldwide scope.
- Technology — the availability and ease of transferring information is affecting organizational work environments and the very nature of business itself.
- Diversity — organizations and their members are being challenged to deal positively with differences among people; meeting this challenge creates strategic opportunity.
- Ethics — modern society expects managers and leaders in all organizations to conduct their affairs according to high moral standards.
- Careers — careers will be different and everyone must be concerned with developing their skill portfolios to remain valuable resources to organizations

Each student should assess his/her own level of competency with respect to dealing with these challenges, as well as why he/she is/isn't prepared to meet these challenges.

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Response: Page 21-23
Difficulty: Moderate
Ref: Learning How to Manage

227. What is an organization? What is a manager? Why do organizations need managers?

Ans: An organization is a collection of people working together to achieve a common purpose. A manager is a person in an organization who supports and is responsible for the work performance of one or more other persons. Every manager's job includes the responsibility of helping other people to achieve high performance. Without this help, the efforts of the organization's members probably would not be coordinated sufficiently to achieve the organization's common purpose.
Response: Page 11-14
Difficulty: Hard
Ref: Organizations in the New Workplace

228. Explain why advanced technology has made "networks" and "networking" increasingly important to organizations today.

Ans: More and more, job searches are using multi-media resumes, online networking sites, and electronic portfolios that display skills and job qualifications. Many employers responding to one survey report using social networking sites in recruitment efforts and say that they are now checking the online profiles of their job applicants.
Response: Page 10
Difficulty: Moderate
Ref: Working Today

229. Define the three levels of management and explain the major responsibilities of managers at each level.

Ans: The three levels of management are top managers, middle managers, and team leaders or supervisors. Top managers ensure that major performance objectives are established and accomplished in accordance with the organization's purpose. Top managers are responsible for the performance of an organization as a whole or for one of its larger parts. Middle managers are in charge of relatively large departments or divisions consisting of several smaller work units. Middle managers report to top managers and coordinate with peers to develop and implement action plans to accomplish organizational objectives. A team leader or supervisor is someone in charge of a smaller work unit composed of non-managerial workers. Team leaders or supervisors ensure that their work teams or units meet performance objectives that are consistent with the plans of middle and top management.
Response: Page 14
Difficulty: Easy
Ref: Managers in the New Workplace

230. Define each of the four functions of management and Mintzberg's ten managerial roles. Describe how Mintzberg's managerial roles might be used in performing the four functions of management.

Ans: The four functions of management are planning, organizing, leading, and controlling. Planning is the process of setting objectives and determining what actions should be taken to accomplish them. Organizing is the process of assigning tasks, allocating resources, and arranging and coordinating the activities of individuals and groups to implement plans. Leading is the process of arousing people's enthusiasm to work hard and direct their

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efforts to fulfill plans and accomplish objectives. Controlling is the process of measuring work performance, comparing results to objectives, and taking corrective action as needed.
Mintzberg's managerial roles include the following: (a) interpersonal roles (figurehead, leader, and liaison) involve interactions with people inside and outside the work unit; (b) informational roles (monitor, disseminator, and spokesperson) involve giving, receiving, and analyzing information; and (c) decisional roles (entrepreneur, disturbance handler, resource allocator, and negotiator) involve using information to make decisions, solve problems, or address opportunities.
While all ten managerial roles might be used at one time or another in performing each of the four functions of management, many of them are more likely to be used in carrying out certain managerial functions. The entrepreneurial role, for instance, is closely linked to the managerial function of planning. In this role, direction is being set for the organization. The liaison, disseminator, and resource allocator roles are closely associated with organizing. The figurehead, leader, and spokesperson roles are closely aligned with leading. The monitor role is related primarily to controlling.
Response: Page 17-20
Difficulty: Moderate
Ref: The Management Process

231. Explain the nature of productivity, performance effectiveness, and performance efficiency; and then describe the interrelationships among these concepts.

Ans: Productivity is the quantity and quality of work performance with resource utilization taken into account. Productivity reflects both performance effectiveness and performance efficiency. Performance effectiveness is a measure of task or goal accomplishment. Performance efficiency is a measure of the resource costs associated with goal accomplishment; it is a measure of outputs realized compared to inputs consumed. Effectiveness does not guarantee efficiency or vice versa. An organization can be effective but not efficient, efficient but not effective, neither effective nor efficient, or both effective and efficient. To be truly productive an organization must be both effective and efficient.
Difficulty: Moderate
Ref: Organizations in the New Workplace

232. Richard is the manager of a local book store. The store has two assistant managers. There is a regional manager, a provincial manager, a Chief Operating Officer (COO) and a Chief Executive Officer (CEO) above him. Answer the following questions.
a) What level of manager is Richard? Explain.
b) Is Richard a line or a staff manager? Explain.
c) Is Richard a general or a functional manager? Explain.
d) Explain Richard's role within the context of the upside-down pyramid view of an organization.
e) Describe what Richard's day may be like?
f) Describe how Richard will use the managerial skills in his job. Which of these skills is the most important?

Ans: a) Richard is a supervisor. He has one level of management working below him (assistant managers) and many levels above him.
b) Richard is a line manager. His work directly contributes to the organization's output.
c) Richard is a general manager. He hires employees, creates marketing campaigns and orders inventory.
d) In the upside-down pyramid view of an organization, as a manager, Richard would be known more for "helping" and "supporting" than for "directing" and "order giving." He will be well informed regarding the needs of those reporting to or dependent on him. Richard will often be found providing advice and developing the support needed for others to perform to the best of their abilities. Basically, in the upside-down pyramid view, Richard's job is to support the workers.
e) Richard's day will be very busy. He will look after staff problems, handle employee absences, work at a hectic pace, be interrupted frequently and communicate using a variety of media.

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f) Richard will use his technical skills by creating marketing campaigns, hiring staff, scheduling, accounting and using the computerized ordering system. Richard will use his human skills by interacting with his employees, customers, and bosses. He will use his conceptual skills by analyzing book sales, creating training programs for the staff, and problem solving high staff turnover. The most important skill for Richard is technical.
Difficulty: Hard
Ref: Managers in the New Workplace

233. Describe the primary elements of the general environment and of the specific environment.

Ans: The general environment consists of all the background conditions in the external environment of an organization. The primary elements of the general environment include the following:
- Economic conditions — health of the economy in terms of inflation, income levels, gross domestic product, unemployment, and job outlook.
- Social-cultural conditions — norms, customs, and values on such matters as human rights; trends in education and related social institutions; as well as demographic patterns in society.
- Legal-political conditions — prevailing philosophy and objectives of the political party or parties running the government, as well as laws and government regulations.
- Technological conditions — development and availability of technology, including scientific advancements.
- Natural environment conditions — nature and conditions of the natural environment, including levels public concern expressed through environmentalism.

The specific environment (or task environment) consists of the actual organizations, groups, and persons with whom an organization interacts and conducts business. The primary elements of the specific environment are the organization's important stakeholders, which include the following:
- Customers —consumer or client groups, individuals, and organizations that purchase the organization's goods and/or use its services.
- Suppliers —providers of the human, information, and financial resources and raw materials needed for the organization's operations.
- Competitors — organizations that offer the same or similar goods and services to the same consumer or client groups.
- Regulators — government agencies and representatives, at the local, state, and national levels, that enforce laws and regulations affecting the organization's operations.
- Investors/owners — individuals, groups, and other organizations/institutions that hold an equity interest in the business.

Difficulty: Easy
Ref: Organizational Environment

234. What is organizational effectiveness and what approaches might managers use in evaluating it?

Ans: Organizational effectiveness refers to sustainable high performance in using resources to accomplish mission and objectives. Organizational effectiveness can be evaluated with the following approaches:
- Systems resource approach — focuses on inputs and defines effectiveness in terms of success in acquiring needed resources from the organization's environment.
- Internal process approach — focuses on the transformation process and examines how efficiently resources are utilized to produce goods and/or services.
- Goal approach — focuses on outputs to measure achievement of key objectives.
- Strategic constituencies approach — focuses on the environment to analyze the organization's impact on key stakeholders.

Difficulty: Moderate
Ref: Organizational Environment

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Chapter 2: Management Learning Past and Present

True/False

1. Google's runaway success can be attributed to performance excellence based on speed, accuracy, and ease of use.

Ans: True
Difficulty: Easy
Ref: Learning From Others

2. One's learning style has no real relevance for performance success today.

Ans: False
Difficulty: Easy
Ref: Learning About Yourself

3. In *The Evolution of Management Thought,* Daniel Wren traces management as far back as 500BC.

Ans: False
Difficulty: Moderate
Ref: Introduction

4. Since so much has changed in management science, the writings of classical theorists like Mary Parker Follett are not very relevant to the way organizations are managed today.

Ans: False
Difficulty: Moderate
Ref: Introduction

5. Even though the way we manage work and organizations is changing — managers today can benefit from studying the history of management thought.

Ans: False
Difficulty: Moderate
Ref: Introduction

6. Many modern management concepts have parallels in some of the historical management writings, and contemporary managers are trying to perfect many ideas that have deep historical roots.

Ans: True

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Difficulty: Moderate
Ref: Introduction

Classical management approaches

7. The three branches of classical management approaches are scientific management, theory x and y, and bureaucratic organization.

Ans: False
Difficulty: Easy
Ref: Introduction

8. The ideas of visionary leadership, respect for workers, cooperation and the dangers of bureaucracy have only recently been developed and written about by modern management theorists.

Ans: True
Difficulty: Moderate
Ref: Introduction

9. Henri Fayol and Mary Parker Follett were important contributors to scientific management, and Frederick Taylor and Max Weber were important contributors to administrative principles.

Ans: False
Difficulty: Moderate
Ref: Classical Management Approaches

10. A major assumption of classical approaches to management is that people are much more driven by human concerns for other workers than by the need to achieve personal gain.

Ans: False
Difficulty: Easy
Ref: Classical Management Approaches

Scientific management

11. According to Frederick Taylor, the primary objective of management is to secure maximum prosperity for both the employer and the employees.

Ans: True
Difficulty: Moderate

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Ref: Classical Management Approaches

12. Frank and Lillian Gilbreth formulated the hypothesis that employees who did their jobs without having clear and uniform specifications would lose efficiency and perform below their true capabilities.

Ans: False
Difficulty: Moderate
Ref: Classical Management Approaches

13. According to scientific management, performance-based compensation, job design and supervisory training are methods that can be used to improve productivity of people at work.

Ans: True
Difficulty: Moderate
Ref: Classical Management Approaches

14. Scientific management theories are important historically but are not very relevant for modern managers and businesses today.

Ans: False
Difficulty: Easy
Ref: Classical Management Approaches

15. One of the principles of scientific management is to develop a scientific approach to every job that includes careful selection and training of workers as well as proper supervisory support.

Ans: True
Difficulty: Moderate
Ref: Classical Management Approaches

16. Frederick Taylor's four principles of scientific management focus on developing a science for every job, carefully selecting workers based on their abilities, simplifying work, introducing work standards and giving them proper incentives.

Ans: False
Difficulty: Hard
Ref: Classical Management Approaches

17. Carefully selecting workers with the abilities to do their jobs is just one practical lesson learned from scientific management.

Ans: True

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Difficulty: Moderate
Ref: Classical Management Approaches

18. Motion studies, conducted by Frank and Lillian Gilbreth, provided the foundation for modern job simplification, work standard techniques, and incentive wage plans.

Ans: True
Difficulty: Moderate
Ref: Classical Management Approaches

19. Frank and Lillian Gilbreth made important contributions to scientific management while, the work of Henry Fayol contributed to the development of administrative principles.

Ans: True
Difficulty: Moderate
Ref: Classical Management Approaches

20. Scientific management is primarily concerned with getting people at work to do what is necessary to improve productivity.

Ans: True
Difficulty: Easy
Ref: Classical Management Approaches

21. Training supervisors to support workers so they can perform to the best of their abilities is another practical lesson learned from scientific management.

Ans: True
Difficulty: Moderate
Ref: Classical Management Approaches

22. For UPS, productivity standards have cut down on inefficiencies and increased productivity.

Ans: True
Difficulty: Hard
Ref: Classical Management Approaches

23. Frederick Taylor's four principles of scientific management focus on developing a science for every job, carefully selecting workers based on their abilities, job standardization and simplification, work standards, and supporting workers through careful planning of the work.

Ans: False

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Difficulty: Moderate
Ref: Classical Management Approaches

Administrative principles

24. Administrative study is the science of reducing a job or task to its basic physical motions.

Ans: False
Difficulty: Easy
Ref: Classical Management Approaches

25. Mary is very concerned with worker morale, and she frequently surveys employees to determine their level of job satisfaction. She feels that people really want to work, to take more responsibility, and to make a contribution. Her approach reflects application of scientific management principles in the workplace.

Ans: False
Difficulty: Moderate
Ref: Classical Management Approaches

26. Max Weber's ideas developed in reaction to performance deficiencies in the organizations of his day.

Ans: True
Difficulty: Moderate
Ref: Classical Management Approaches

27. Henri Fayol identified five rules of management — foresight, organization, command, coordination, and control — that closely resemble the four management functions studied today.

Ans: True
Difficulty: Moderate
Ref: Classical Management Approaches

28. Using time and motion studies to improve its worker performance is an example of the use of management techniques derived from administrative management.

Ans: False
Difficulty: Easy
Ref: Classical Management Approaches

29. Henri Fayol set forth several management principles that could be taught to people to improve the quality of management practice.

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Ans: True
Difficulty: Easy
Ref: Classical Management Approaches

30. Henri Fayol's coordination principle specifies that one person should be in charge of all activities that have the same performance objective.

Ans: False
Difficulty: Easy
Ref: Classical Management Approaches

31. The scalar chain principle states that there should be a clear and unbroken line of communication from the top to the bottom of the organization.

Ans: True
Difficulty: Easy
Ref: Classical Management Approaches

32. The unity of command principle specifies that one person should be in charge of all activities that have the same performance objective.

Ans: False
Difficulty: Easy
Ref: Classical Management Approaches

33. The control principle specifies that each person should receive orders from only one boss.

Ans: False
Difficulty: Easy
Ref: Classical Management Approaches

Bureaucratic organization

34. Max Weber believed that people held positions of authority because of their social status; this problem could be addressed effectively through a form of organization known as bureaucracy.

Ans: True
Difficulty: Moderate
Ref: Classical Management Approaches

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35. A bureaucracy is an ideal form of organization that is rational and efficient, and is founded on the principles of logic, order, and legitimate authority.

Ans: True
Difficulty: Easy
Ref: Classical Management Approaches

36. Bureaucratic organizations are characterized by a clear division of labour, a clear hierarchy of authority, informal rules and procedures, personal coordination and control, and careers based on social status.

Ans: False
Difficulty: Moderate
Ref: Classical Management Approaches

37. Weber believed that efficiency in the utilization of resources and fairness in the treatment of employees and clients were potential advantages of bureaucratic organizations.

Ans: True
Difficulty: Moderate
Ref: Classical Management Approaches

38. Weber believed "the purely bureaucratic type of organization…is capable of attaining the highest degree of efficiency."

Ans: True
Difficulty: Easy
Ref: Classical Management Approaches

39. The behavioural management approach emphasizes satisfying social relationships, responding to pressure, and seeking personal satisfaction at work.

Ans: True
Difficulty: Easy
Ref: Behavioural Management Approaches

Behavioral management approaches

40. The behavioural management approaches include Maslow's human needs theory and Argyris's personality and organization theory and scientific management.

Ans: False
Difficulty: Moderate

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Ref: Behavioural Management Approaches

41. A major assumption of human resource approaches to management is that people are rational and primarily, motivated by economic incentives.

Ans: False
Difficulty: Moderate
Ref: Behavioural Management Approaches

Follett's organizations as communities

42. Mary Parker Follett brought an understanding of groups and a deep commitment to human cooperation to her writings about businesses and other organizations.

Ans: True
Difficulty: Easy
Ref: Behavioural Management Approaches

43. According to Mary Parker Follett, managers should develop productive communities at work by controlling and directing their employees.

Ans: False
Difficulty: Easy
Ref: Behavioural Management Approaches

44. Mary Parker Follett believed that making every employee ownership and profit sharing in the business would create feelings of collective responsibility.

Ans: True
Difficulty: Moderate
Ref: Behavioural Management Approaches

45. Mary Parker Follett's belief that businesses were services and that private profits should always be considered in relation to the public good foreshadowed today's concerns with managerial ethics and corporate social responsibility.

Ans: True
Difficulty: Moderate
Ref: Behavioural Management Approaches

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The Hawthorne studies

46. The initial focus of the Hawthorne studies reflected a scientific management perspective, but that focus later shifted toward social and human concerns in the workplace.

Ans: True
Difficulty: Easy
Ref: Behavioural Management Approaches

47. The Hawthorne studies found consistent results to support their hypothesis that both economic incentives and the physical working conditions of the workplace affect productivity.

Ans: True
Difficulty: Moderate
Ref: Behavioural Management Approaches

48. Neither group atmosphere nor participative supervision was found to be an important explanatory factor for improved productivity in the relay assembly test-room studies at Western Electric's Hawthorne Works.

Ans: False
Difficulty: Moderate
Ref: Behavioural Management Approaches

49. The Hawthorne Studies shifted the attention of managers and scholars away from the technical and structural concerns emphasized by the classical management approach toward the study of social and human concerns as keys to productivity.

Ans: True
Difficulty: Moderate
Ref: Behavioural Management Approaches

50. A key lesson from the Hawthorne studies is that people's feelings, attitudes, and relationships with co-workers have very little influence their performance as compared with compensation and incentives.

Ans: False
Difficulty: Moderate
Ref: Behavioural Management Approaches

51. A major finding of the Hawthorne studies is physical working conditions have a much greater impact on worker performance and productivity than people's feelings, attitudes, and relationships with their co-workers.

Ans: False

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Difficulty: Moderate
Ref: Behavioural Management Approaches

52. Non-compete clauses and non-disclosure agreements are becoming increasingly common in employment contracts.

Ans: True
Difficulty: Hard
Ref: Behavioural Management Approaches

53. The Hawthorne studies contributed to the emergence of the human relations movement, which emphasized the notion that managers who use good human relations in the workplace will achieve higher levels of worker productivity.

Ans: True
Difficulty: Moderate
Ref: Behavioural Management Approaches

54. The human relations movement demonstrates that people who are singled out and given special attention at work tend to perform in the way they believe they are expected to perform.

Ans: False
Difficulty: Moderate
Ref: Behavioural Management Approaches

Maslow's theory of human needs

55. An important contribution to the human relations movement was Douglas McGregor's work which described the role that human needs play in motivating people in the workplace.

Ans: False
Difficulty: Easy
Ref: Behavioural Management Approaches

56. Maslow's research on the importance of "human needs" has had a major impact on management.

Ans: True
Difficulty: Moderate
Ref: Behavioural Management Approaches

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57. A need is a physiological or psychological deficiency that a person wants to satisfy.

Ans: True
Difficulty: Easy
Ref: Behavioural Management Approaches

58. Maslow's theory of human needs uses his satisfaction principle that describes the relative importance of five need levels that are arranged in a hierarchy.

Ans: False
Difficulty: Moderate
Ref: Behavioural Management Approaches

59. According to Maslow, the more the need to be self-actualized is satisfied, the weaker it becomes.

Ans: False
Difficulty: Moderate
Ref: Behavioural Management Approaches

60. According to Maslow, when the needs at a particular level are met, these needs are no longer a motivator, and the next higher level of needs becomes operative.

Ans: True
Difficulty: Easy
Ref: Behavioural Management Approaches

61. Physiological needs refer to the needs for physical closeness and relationships with others.

Ans: False
Difficulty: Moderate
Ref: Behavioural Management Approaches

62. Safety needs refer to the needs for security, protection, and stability in the events of daily life.

Ans: True
Difficulty: Easy
Ref: Behavioural Management Approaches

63. Social needs concern the needs for respect, prestige, recognition, and self-esteem; and a personal sense of competency and mastery.

Ans: False

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Difficulty: Moderate
Ref: Behavioural Management Approaches

64. Esteem needs involve the needs for love, affection, and belongingness in one's relationships with other people.

Ans: False
Difficulty: Moderate
Ref: Behavioural Management Approaches

65. Self-actualization is a terms used by Maslow to explain why managers who understand and help people satisfy higher order needs at work will achieve greater levels of productivity and fulfillment.

Ans: False
Difficulty: Moderate
Ref: Behavioural Management Approaches

66. According to the Maslow's progression principle of human needs, a satisfied need is not a motivator of behaviour.

Ans: False
Difficulty: Moderate
Ref: Behavioural Management Approaches

67. According to Maslow, social needs involve one's need for respect, recognition, and affiliation.

Ans: False
Difficulty: Easy
Ref: Behavioural Management Approaches

McGregor's Theory X and Theory Y

68. Douglas McGregor believed that managers can increase employee performance by focusing on improving the physical conditions in the work environment because these are more important than the social needs of employees.

Ans: False
Difficulty: Moderate
Ref: Behavioural Management Approaches

69. Theory X managers assume that subordinates are: willing to work, capable of self-control, willing to accept responsibility, imaginative and creative, and capable of self-direction.

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Ans: False
Difficulty: Moderate
Ref: Behavioural Management Approaches

70. Theory Y managers assume that subordinates are lazy, dislike work, lack ambition, are irresponsible, and prefer to be given directions rather than to manage their own work.

Ans: False
Difficulty: Moderate
Ref: Behavioural Management Approaches

71. Based on McGregor's Theory, we would assume that Theory X managers are more effective in motivating people because they believe that their subordinates like work and are self-motivated and are willing to accept responsibility.

Ans: False
Difficulty: Moderate
Ref: Behavioural Management Approaches

72. Both the Hawthorne Studies and McGregor's Theory predict that the behaviour of people tend to act in ways that are consistent with what managers expect of them.

Ans: True
Difficulty: Moderate
Ref: Behavioural Management Approaches

73. Theory X managers tend to be directive in their relationships with others and take a command-and-control orientation with them.

Ans: True
Difficulty: Easy
Ref: Behavioural Management Approaches

74. Based on McGregor's theory, Theory Y managers place more emphasis on workforce diversity, an employee empowerment, involvement and self-management.

Ans: True
Difficulty: Moderate
Ref: Behavioural Management Approaches

Argyris's Theory of Adult Personality

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75. According to Chris Argyris, management principles and practices that are associated with classical management approaches are inconsistent with the mature adult personality.

Ans: True
Difficulty: Moderate
Ref: Behavioural Management Approaches

76. Argyris believes that implementation of classical management ideas such as the bureaucratic organization and Fayol's administrative principles will ensure that workers are productive and efficient.

Ans: False
Difficulty: Moderate
Ref: Behavioural Management Approaches

77. In contract to Weber, Argyris believes that people work more efficiently in a clear hierarchy of authority, with those at higher levels controlling people at lower levels in the organization.

Ans: False
Difficulty: Easy
Ref: Behavioural Management Approaches

78. According to Argyris's theory of personality and organization, managers who treat people as mature and responsible adults will achieve the highest productivity.

Ans: True
Difficulty: Moderate
Ref: Behavioural Management Approaches

79. Argyris believes that employee absenteeism, turnover, apathy and low morale caused by lack of adequate supervision and poorly defined tasks.

Ans: False
Difficulty: Moderate
Ref: Behavioural Management Approaches

Quantitative Analysis And Tools

80. Quantitative management is the study of the application of mathematical techniques to improve decision-making and problem-solving.

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Ans: False
Difficulty: Moderate
Ref: Modern Management Foundations

81. The quantitative management approaches use mathematical techniques to improve managerial decision-making and problem solving.

Ans: True
Difficulty: Moderate
Ref: Modern Management Foundations

82. Management science focuses specifically on how organizations produce goods efficiently and effectively.

Ans: False
Difficulty: Easy
Ref: Modern Management Foundations

83. Management science refers to the scientific application of mathematical techniques to management problems and decision-making.

Ans: True
Difficulty: Easy
Ref: Modern Management Foundations

84. Total quality management is a term used to describe the process of always finding new ways to improve.

Ans: False
Difficulty: Easy
Ref: Modern Management Foundations

85. Mathematical forecasting helps make future projections that are useful for planning.

Ans: True
Difficulty: Easy
Ref: Modern Management Foundations

86. Inventory modeling is used to help allocate service personnel or workstations to minimize customer waiting time and service cost.

Ans: False
Difficulty: Moderate

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Ref: Modern Management Foundations

87. Queuing theory is used to calculate how best to allocate resources among competing uses.

Ans: False
Difficulty: Moderate
Ref: Modern Management Foundations

88. Network models break large tasks into smaller components to allow for better analysis, planning, and control of complex projects.

Ans: True
Difficulty: Moderate
Ref: Modern Management Foundations

89. Simulation is used to create models to determine how best to allocate scarce resources.

Ans: False
Difficulty: Moderate
Ref: Modern Management Foundations

Organizations As Systems

90. Systems thinking views the organization as a collection of interrelated parts that work together to achieve a common purpose.

Ans: True
Difficulty: Easy
Ref: Modern Management Foundations

91. A smaller component of a larger system is known as a subsystem.

Ans: True
Difficulty: Easy
Ref: Modern Management Foundations

92. An open system interacts with its environment in the continual process of transforming resource inputs into outputs.

Ans: True

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Difficulty: Moderate
Ref: Modern Management Foundations

93. High performance by the organization as a whole occurs only when each subsystem performs its tasks well and works well in cooperation with other subsystems.

Ans: True
Difficulty: Moderate
Ref: Modern Management Foundations

Contingency Thinking

94. According to contingency theory, appropriate managerial behaviour can be generalized or extrapolated from other situations.

Ans: False
Difficulty: Moderate
Ref: Modern Management Foundations

95. Contingency thinking maintains that the best solution to management problems depends on the demands of the situation and that therefore, there is not one best way to manage.

Ans: True
Difficulty: Moderate
Ref: Modern Management Foundations

96. Contingency thinking involves matching responses to the unique problems and opportunities posed by different situations and by individual and environmental differences.

Ans: True
Difficulty: Moderate
Ref: Modern Management Foundations

97. According to contingency theory, a management solution that works well in an uncertain environment will not necessarily work well in a stable environment.

Ans: True
Difficulty: Moderate
Ref: Modern Management Foundations

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98. Contingency theory is consistent with Weber's concept of bureaucracy which is an ideal form of organizing.

Ans: False
Difficulty: Moderate
Ref: Modern Management Foundations

Quality Management

99. Total Quality Management is an organization-wide commitment to continuous improvement, product quality, and customer needs.

Ans: True
Difficulty: Easy
Ref: Modern Management Foundations

100. Deming's approach to quality emphasizes constant innovation, use of statistical methods, and commitment to training.

Ans: True
Difficulty: Moderate
Ref: Modern Management Foundations

101. Total Quality Management focuses primarily on specific quality issues within a particular segment within the larger organization.

Ans: False
Difficulty: Hard
Ref: Modern Management Foundations

102. Searching for ways to improve work quality and performance is the management notion of continuous improvement.

Ans: True
Difficulty: Easy
Ref: Modern Management Foundations

103. ISO certification indicates conformance with a rigorous set of international quality standards.

Ans: True
Difficulty: Easy
Ref: Modern Management Foundations

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104. ISO certification requires companies to adopt quality benchmarks and then maintain them with strict conformity to quality that strongly discourages change or refinement.

Ans: False
Difficulty: Hard
Ref: Modern Management Foundations

Knowledge Management And Organizational Learning

105. Knowledge management is the process that uses intellectual capital for competitive advantage.

Ans: True
Difficulty: Easy
Ref: Modern Management Foundations

106. The chief knowledge officer (CKO) responsibilities focus on energizing learning processes and maintaining the organization's portfolio of intellectual assets.

Ans: True
Difficulty: Easy
Ref: Modern Management Foundations

107. Some of the portfolio assets that the CKO is responsible for maintaining include patents, trade secrets, and the accumulated knowledge and understanding of the entire workforce.

Ans: True
Difficulty: Moderate
Ref: Modern Management Foundations

108. A learning organization is able to continually learn and adapt itself to new experiences.

Ans: True
Difficulty: Easy
Ref: Modern Management Foundations

109. The core ingredients of learning organizations include mental models, personal mastery, systems thinking, shared vision, and team learning.

Ans: True
Difficulty: Easy

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Ref: Modern Management Foundations

110. Learning organizations make learning continuously available to everyone.

Ans: True
Difficulty: Easy
Ref: Modern Management Foundations

111. Learning organizations should emphasize values that focus on information, teamwork, empowerment, participation, and leadership.

Ans: True
Difficulty: Easy
Ref: Modern Management Foundations

Evidence-Based Management

112. Peters and Waterman's attributes of performance excellence include a bias toward action, closeness to the customers, autonomy and entrepreneurship, and productivity through people.

Ans: True
Difficulty: Moderate
Ref: Modern Management Foundations

113. Peters and Waterman's attributes of performance excellence include the following: hands-on and value-driven, sticking to the knitting, simple form and lean staff, and simultaneous loose-tight properties.

Ans: True
Difficulty: Moderate
Ref: Modern Management Foundations

114. According to the text, team oriented organizations value people as human assets, respect diversity and support employee involvement.

Ans: False
Difficulty: Moderate
Ref: Modern Management Foundations

115. The people oriented approach to organizations focuses on respecting diversity, valuing people as human assets, and high degree of employee involvement.

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Ans: True
Difficulty: Easy
Ref: Modern Management Foundations

116. Evidence based management involves making decisions on substantive and empirically proven hard facts.

Ans: True
Difficulty: Easy
Ref: Modern Management Foundations

117. High performance organizations consistently achieve high-performance results while also creating a high quality-of-work-life for their employees.

Ans: True
Difficulty: Easy
Ref: Modern Management Foundations

Multiple Choice

118. Google's commitment to performance excellence is based on what foundational principles?
a) Speed, accuracy, ease of use
b) Speed, affordability, ease of use
c) Accuracy, privacy, ease of use
d) Accuracy, speed, innovation
e) None of the above

Ans: A
Difficulty: Hard
Ref: Learning From Others

119. Which of the following statements accurately describes the role of management history relative to contemporary management thought?
a) Since the world of work and business are changing — often dramatically in some industries — managers have little to gain from studying the history of management thought.
b) Many modern management concepts have parallels in some of the historical management writings.
c) Contemporary managers are not trying to reinvent management practice; rather they are trying to perfect ideas that have deep historical roots.
d) A and B.
e) B and C.

Ans: E
Difficulty: Moderate
Ref: Introduction

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120. The three branches of the classical approach to management are _____.
a) Behaviourism, rationalism, and self-actualization.
b) Scientific management, administrative principles, and bureaucratic organization.
c) Authoritarian, permissive, and homeostatic.
d) Economic, modern, and self-actualizing.
e) Open, closed, and entropic.

Ans: B
Difficulty: Easy
Ref: Classical Management Approaches

121. The view that people will rationally consider available opportunities and do whatever is necessary to achieve the greatest personal economic gain is the underlying assumption of which approach to management thought?
a) Quantitative approach.
b) Socioeconomic approach.
c) Modern approach.
d) Classical approach.
e) Behavioural approach.

Ans: D
Difficulty: Moderate
Ref: Classical Management Approaches

122. According to Frederick Taylor, the principal object of management should be _____.
a) Profitability.
b) Efficiency.
c) Achieving the greatest good for society.
d) The good of the community.
e) Securing maximum prosperity for employer and employee.

Ans: E
Difficulty: Moderate
Ref: Classical Management Approaches

123. Who is known as the father of scientific management?
a) Frank Gilbreth.
b) Max Weber.
c) Henri Fayol.
d) Frederick Taylor.
e) Lillian Gilbreth.

Ans: D
Difficulty: Easy
Ref: Classical Management Approaches

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124. Mudd has been watching some of the workers on his shift sort and put inventory in storage bins. It appears to him that much time and effort are being wasted. Mudd decides to analyze the workers' overall task and then select and train workers for specific parts of the job so as to increase workers' productivity. Mudd is applying the principles of _____.
a) scientific management
b) organizational behaviour
c) management science
d) contingency theory
f) administrative management

Ans: A
Difficulty: Hard
Ref: Classical Management Approaches

125. A follower of Frederick Taylor would be least likely to try to _____.
a) make results-based compensation a performance incentive.
b) select workers with the right abilities to do the job.
c) offer workers proper training.
d) motivate workers by encouraging them to work in small groups.
e) train supervisors to support workers by carefully planning their work.

Ans: C
Difficulty: Moderate
Ref: Classical Management Approaches

126. The practical lessons of scientific management include all of the following EXCEPT:
a) Make results-based compensation a performance incentive.
b) Select workers with the right abilities to do the job.
c) Allow workers to have input into the determination of work methods and performance standards.
d) Carefully design jobs with efficient work methods.
e) Train supervisors to support workers by carefully planning their work.

Ans: C
Difficulty: Hard
Ref: Classical Management Approaches

127. _____ refer(s) to a job science that includes careful selection and training of workers along with proper supervisory support.
a) Administrative principles.
b) Scientific management.
c) Contingency theory.
d) Self-actualization.
e) Fayol's principles of management.

Ans: B
Difficulty: Moderate

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Ref: Classical Management Approaches

128. Al Davis and his friends wanted to start their own car detailing business. It was decided that to differentiate their cleaning services from others they would break down the various jobs associated with cleaning the inside and outside of a car, and each would specialize. With which of the following management approaches do their actions most agree?
a) Administrative principles.
b) Scientific management.
c) Contingency theory.
d) Self-actualization.
e) Fayol's principles of management.

Ans: B
Difficulty: Hard
Ref: Classical Management Approaches

129. _____ is the science of reducing a job or task to its basic physical motions.
a) Job design.
b) Motion study.
c) Workflow analysis.
d) Task analysis.
e) Role analysis.

Ans: B
Difficulty: Easy
Ref: Classical Management Approaches

130. _____ pioneered the use of motion studies as a management tool:
a) Frederick Herzberg.
b) Max Weber.
c) Abraham Maslow.
d) Frank and Lillian Gilbreth.
e) Mary Parker Follett and James D. Mooney.

Ans: D
Difficulty: Easy
Ref: Classical Management Approaches

131. The work of Frank and Lillian Gilbreth on motion studies provided the basis for later advances in which of the following management areas?
a) Job simplification.
b) Incentive wage plans.
c) Work standards.
d) All of the above.
e) None of the above.

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Ans: D
Difficulty: Moderate
Ref: Classical Management Approaches

132. United Parcel Service makes use of calibrated productivity standards as well as the timing of package sorting, delivery, and pickup to keep productivity at the highest level per employee. In developing worker productivity standards, UPS obviously makes use of _____.
a) Behavioural theories.
b) Self-actualization.
c) Systems theory.
d) Motion studies.
e) Administrative principles.

Ans: D
Difficulty: Hard
Ref: Classical Management Approaches

133. Henri Fayol's _____ closely resemble the _____ that are used in contemporary businesses.
a) Three rules of management … systems and contingency approaches.
b) Administrative principles … systems and contingency approaches.
c) Five duties of management … four functions of management.
d) Notions of planning and organizing … ideas of command and coordination.
e) Principles of collective and social responsibility … functions of management.

Ans: C
Difficulty: Moderate
Ref: Classical Management Approaches

134. According to Henri Fayol, the five rules of management are _____.
a) Foresight, organization, command, coordination, and control.
b) Authority, responsibility, discipline, remuneration, and initiative.
c) Centralization, stability, initiative, communication, and espirit de corps.
d) Prediction, hypothesis, observation, experimentation, and verification.
e) Standardization, centralization, negative entropy, communication, and homeostasis.

Ans: A
Difficulty: Moderate
Ref: Classical Management Approaches

135. Henri Fayol is noted for originating which of the following concepts?
a) The scalar chain principle.
b) The unity of command principle.
c) The unity of direction principle.
d) All of the above.
e) None of the above.

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Ans: D
Difficulty: Easy
Ref: Classical Management Approaches

136. The _____ principle, as defined by Henri Fayol, states that there should be a clear and unbroken line of communication from top to bottom in the organization's hierarchy of authority.
a) Scalar chain.
b) Unity of command.
c) Unity of direction.
d) Communication control.
e) Hawthorne.

Ans: A
Difficulty: Easy
Ref: Classical Management Approaches

137. The _____ principle, as defined by Henri Fayol, states that each person should receive orders from only one boss.
a) Scalar chain.
b) Unity of command.
c) Unity of direction.
d) Management order.
e) Organization.

Ans: B
Difficulty: Easy
Ref: Classical Management Approaches

138. The _____ principle, as defined by Henri Fayol, states that one person should be in charge of all activities having the same performance objective.
a) Scalar chain.
b) Unity of command.
c) Unity of direction.
d) Classical design.
e) Hawthorne.

Ans: C
Difficulty: Easy
Ref: Classical Management Approaches

139. Today's concerns for managerial ethics and corporate social responsibility were foreshadowed by the classical writings of _____ which argued that businesses were services and that private profits should always be considered in relation to the public good.
a) Frederick Taylor.
b) Henri Fayol.
c) Mary Parker Follett.

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d) Max Weber.
e) Lyndall Urwick.

Ans: C
Difficulty: Moderate
Ref: Classical Management Approaches

140. Which of the following best states the impetus for the development of a bureaucratic organization?
a) Max Weber was trying to define the one best way to perform a job.
b) Max Weber was attempting to upset German society.
c) Max Weber was reacting to the performance deficiencies in organizations of his day.
d) Max Weber was attempting to identify a common set of employee needs in German society.
e) Max Weber was interested in formulating exact rules of behaviour for German managers.

Ans: C
Difficulty: Moderate
Ref: Classical Management Approaches

141. Max Weber was concerned that people in nineteenth-century organizations were in positions of authority due to their _____ rather than their _____.
a) Political connections … leadership traits.
b) Social standing … job-related capabilities.
c) Leadership qualities … job requirements.
d) Economic wealth … social standing.
e) Managerial competence … economic wealth.

Ans: B
Difficulty: Moderate
Ref: Classical Management Approaches

142. Max Weber believed that _____ could correct performance deficiencies in late 19th century German organizations.
a) A loosely structured system.
b) Bureaucracy.
c) A contingent organization
d) An organic organization.
e) An adaptive organization.

Ans: B
Difficulty: Moderate
Ref: Classical Management Approaches

143. _____ is an ideal, intentionally rational, and very efficient form of organization founded on the principles of logic, order, and legitimate authority.
a) A democratically structured system.
b) A contingent organization

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c) An organic organization.
d) An adaptive organization.
e) Bureaucracy.

Ans: E
Difficulty: Easy
Ref: Classical Management Approaches

144. Weber's conception of bureaucratic organizations included all of the following characteristics EXCEPT:
a) Clear division of labour.
b) Clear hierarchy of authority.
c) Formal rules and procedures.
d) Impersonality.
e) Careers based on social and/or political connections.

Ans: E
Difficulty: Moderate
Ref: Classical Management Approaches

145. Assume that an organization has a clear division of labour, standard rules and procedures, a well-defined hierarchy of authority; members selected for technical competence, and explicitly defined duties and responsibilities. This is an example of _____.
a) A closed system.
b) An open system.
c) A bureaucracy.
d) Negative entropy.
e) Scientific management.

Ans: C
Difficulty: Hard
Ref: Classical Management Approaches

146. Efficiency in the utilization of resources and fairness in the treatment of employees and clients are potential advantages of _____.
a) A bureaucracy.
b) An open system.
c) A closed system.
d) Scientific management.
e) Self-actualization.

Ans: A
Difficulty: Easy
Ref: Classical Management Approaches

147. Which one of the following statements about bureaucracy is true?
a) The work of Max Weber is too outdated to be used in the modern science of management.

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b) The work of Max Weber still has a major impact on the present trends and directions of management.
c) The work of Max Weber influenced only European management thinkers.
d) Bill Gates bases the operations of Microsoft on Max Weber's theories of specialization and division of labour.
e) Max Weber believed that a bureaucracy was the most rigid and apathetic form of organization.

Ans: B
Difficulty: Moderate
Ref: Classical Management Approaches

148. The foundations of the behavioural approach to management include all of the following components EXCEPT:
a) The Hawthorne Studies.
b) Maslow's theory of human needs.
c) McGregor's Theory X and Theory Y.
d) The human systems contingency model.
e) Argyris's theory of personality and organization.

Ans: D
Difficulty: Moderate
Ref: Behavioural Management Approaches

149. The behavioural (or human resource) approach to management basically assumes that _____.
a) People at work will seek satisfying social relationships, respond to group pressures, and search for personal fulfillment.
b) Management problems are best solved by qualitative rather than by quantitative analysis.
c) People are easily understandable creatures.
d) People are completely rational and responsive to economic incentives.
e) Environmental reinforcements have little to do with people's work behaviour.

Ans: A
Difficulty: Moderate
Ref: Behavioural Management Approaches

150. Mary Parker Follett, a classical management theorist, believed that _____.
a) Groups were mechanisms through which diverse individuals could combine their talents for a greater good.
b) Organizations are communities in which managers and workers should labour in harmony.
c) The manager's job is to help people in organizations cooperate with one another and achieve an integration of interests.
d) All of the above.
e) None of the above.

Ans: D
Difficulty: Moderate
Ref: Behavioural Management Approaches

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151. Mary Parker Follett believed that making every employee an owner in the business would create feelings of _____.
a) Collective responsibility.
b) Stockholder ownership.
c) Personal control.
d) Individual achievement.
e) Corporate sharing.

Ans: A
Difficulty: Easy
Ref: Behavioural Management Approaches

152. Mary Parker Follett believed that business problems involve a wide variety of factors that must be considered in relationship to one another. This belief foreshadowed the contemporary management concern with _____.
a) Environmental analysis.
b) Systems.
c) Job design.
d) Corporate culture.
e) Multiculturalism.

Ans: B
Difficulty: Moderate
Ref: Behavioural Management Approaches

153. The Hawthorne Studies refer to _____ that was conducted at the Hawthorne Works of the Western Electric Company (predecessor to today's Lucent Technologies).
a) An intensive training program for workers.
b) An education program for fast-track managers.
c) A research program on technology.
d) A research program on management decision-making.
e) A research program on individual productivity.

Ans: E
Difficulty: Moderate
Ref: Behavioural Management Approaches

154. Which of the following statements characterizes the thinking that emerged from the Hawthorne studies?
a) If jobs are properly designed and proper incentives provided, predictable results will follow.
b) Workers will perform their jobs as they are told to and will maximize their output so as to increase their pay.
c) Concern for the worker will lead to greater worker satisfaction, which will then lead to increased output.
d) Workers generally dislike work and need to be closely supervised to ensure adequate productivity.
e) People are motivated primarily by money.

Ans: C
Difficulty: Moderate
Ref: Behavioural Management Approaches

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155. A key conclusion from the Hawthorne relay assembly test room studies was that _____.
a) Workers cannot be productive at various levels of illumination.
b) Workers are basically rational.
c) Workers perform well when they share pleasant social relations with one another and when supervision is participatory.
d) Workers are more productive when their pay scale is increased to match their effort.
e) Workers are more productive when their work areas are well lighted.

Ans: C
Difficulty: Moderate
Ref: Behavioural Management Approaches

156. Which of the following statements about the Hawthorne Studies is incorrect?
a) The studies were started to identify the influence that "social factors" had on productivity.
b) The studies were started to determine the effect that different levels of lighting had on productivity.
c) In one study, workers' productivity increased as the level of illumination at their workstations was decreased.
d) The "social setting" of the various experiments influenced the results of the studies.
e) People would restrict output to avoid the displeasure of the group, even if it meant sacrificing pay.

Ans: A
Difficulty: Moderate
Ref: Behavioural Management Approaches

157. The Hawthorne Studies have been criticized for which of the following reasons?
a) Poor research design.
b) Weak empirical support for the conclusions drawn.
c) The tendency of researchers to over generalize their findings.
d) All of the above.
e) None of the above.

Ans: D
Difficulty: Moderate
Ref: Behavioural Management Approaches

158. The Hawthorne Studies shifted the attention of managers and scholars away from the technical and structural concerns emphasized by the classical management approach and toward _____.
a) A more scientific approach to management.
b) In-depth studies of actual case histories and individual experiences.
c) The use of computers to deal with more complex mathematical models.
d) The study of social and human concerns as keys to productivity.
e) A Theory X approach to management science.

Ans: D
Difficulty: Moderate
Ref: Behavioural Management Approaches

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159. The Hawthorne Studies contributed to the emergence of the _____ movement as an important influence on management thought during the 1950s and 1960s.
a) Employee Involvement.
b) Human relations.
c) Social relations.
d) Scientific relations.
e) Cultural relations.

Ans: B
Difficulty: Easy
Ref: Behavioural Management Approaches

160. _____ was based on the viewpoint that managers who used good human relations in the workplace would achieve productivity.
a) Modern relations.
b) Social relations.
c) Scientific relations.
d) Cultural relations.
e) Human relations.

Ans: E
Difficulty: Moderate
Ref: Behavioural Management Approaches

161. The study of individuals and groups in organizations is the social sciences field known as _____.
a) Organizational behaviour
b) Contingency theory
c) Systems theory
d) Modern behavioural methods.
e) Theory X and Theory Y

Ans: A
Difficulty: Easy
Ref: Behavioural Management Approaches

162. Maslow's work in the area of human needs is important to which area of management thought?
a) Classical approach.
b) Scientific management.
c) Systems theory.
d) Human relations movement.
e) Contingency theory

Ans: D
Difficulty: Easy
Ref: Behavioural Management Approaches

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163. A psychological or physiological deficiency that a person feels compelled to satisfy is known as a(n) _____.
a) desire.
b) need.
c) drive.
d) obsession.
e) satisfaction deficit.

Ans: B
Difficulty: Easy
Ref: Behavioural Management Approaches

164. Maslow's hierarchy of needs theory includes which of the following needs?
a) Food, shelter, sex, money, and prestige.
b) Physiological, spiritual, social, and psychological fulfillment.
c) Physical safety, financial security, and social status.
d) Physiological, safety, social, esteem, and self-actualization.
e) Respect, prestige, recognition, security, and power.

Ans: D
Difficulty: Moderate
Ref: Behavioural Management Approaches

165. _____ needs refer to the needs for basic biological maintenance such as food, water, and physical well-being.
a) Physiological
b) Safety
c) Social
d) Esteem
e) Self-actualization

Ans: A
Difficulty: Easy
Ref: Behavioural Management Approaches

166. _____ needs refer to the needs for security, protection, and stability in the events of daily life.
a) Physiological
b) Safety
c) Social
d) Esteem
e) Self-actualization

Ans: B
Difficulty: Easy
Ref: Behavioural Management Approaches

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167. _____ needs concern the needs for love, affection, and belongingness in one's relationships with other people.
a) Physiological
b) Safety
c) Social
d) Esteem
e) Self-actualization

Ans: C
Difficulty: Easy
Ref: Behavioural Management Approaches

168. _____ needs involve the needs for respect, prestige, recognition, and self-esteem; and a personal sense of competency and mastery.
a) Physiological
b) Safety.
c) Social
d) Esteem
e) Self-actualization

Ans: D
Difficulty: Easy
Ref: Behavioural Management Approaches

169. _____ needs include the needs for being self-fulfilled and to grow and use abilities to the fullest and most creative extent.
a) Physiological
b) Safety
c) Social
d) Esteem
e) Self-actualization

Ans: E
Difficulty: Moderate
Ref: Behavioural Management Approaches

170. According to the deficit principle of Maslow's theory of human needs, _____.
a) People have a variety of needs, or deficits, that they must satisfy at any given time.
b) Each person has different needs.
c) People are not motivated by a satisfied need.
d) People are always in need of something.
e) No matter what their condition in life, all people are looking for basic security.

Ans: C
Difficulty: Moderate
Ref: Behavioural Management Approaches

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171. According to the progression principle of Maslow's theory of human needs, _____.
a) The five human needs must all be satisfied before people can progress to self-actualization.
b) A need at any level only becomes activated when the next lower-level need has been satisfied.
c) The most basic human need is the need for self-actualization.
d) Human needs are never truly fulfilled.
e) Human needs progress from stronger needs to weaker needs.

Ans: B
Difficulty: Moderate
Ref: Behavioural Management Approaches

172. At which need level of Maslow's hierarchy do the deficit and progression principles cease to operate?
a) Physiological needs.
b) Safety needs.
c) Social needs.
d) Esteem needs.
e) Self-actualization needs.

Ans: E
Difficulty: Moderate
Ref: Behavioural Management Approaches

173. Wendy is a manger in a non-profit organization. She is interested in using Maslow's need hierarchy to guide her approach to managing the volunteers working for this non-profit organization. In order to promote productivity, Wendy should _____.
a) Create jobs that satisfy the needs of the volunteers.
b) Create work environments that satisfy the needs of the volunteers.
c) Ensure that the work is fulfilling for the volunteers.
d) All of the above.
e) None of the above.

Ans: D
Difficulty: Moderate
Ref: Behavioural Management Approaches

174. According to Douglas McGregor, managers should pay more attention to _____.
a) Motion studies.
b) Social responsibility.
c) Behaviour modification techniques.
d) Quantitative analysis.
e) Social and self-actualization needs.

Ans: E
Difficulty: Moderate
Ref: Behavioural Management Approaches

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175. Theory X managers tend to see their subordinates as _____.
a) Creative, responsible, and self-motivated.
b) Motivated by challenging work.
c) Irresponsible, resistant to change, lacking in ambition, disliking work, and preferring to be led rather than to lead.
d) Liking work because they prefer to lead rather than to be led.
e) Basically rational.

Ans: C
Difficulty: Moderate
Ref: Behavioural Management Approaches

176. According to McGregor, Theory Y managers tend to see their subordinates as _____.
a) Passive, dependent, and reluctant.
b) Irresponsible, resistant to change, lacking in ambition, disliking work, and preferring to be led rather than to lead.
c) Willing to work, willing to accept responsibility, capable of self-direction, capable of self-control, imaginative, and creative.
d) Disliking work because they prefer to be led rather than to lead.
e) Basically rational and motivated by money.

Ans: C
Difficulty: Moderate
Ref: Behavioural Management Approaches

177. McGregor believed that managers holding either Theory X or Theory Y assumptions could create situations in which employees acted as expected. This phenomenon is known as _____.
a) The Hawthorne Effect.
b) Theory Z.
c) A self-fulfilling prophecy.
d) Self-actualization.
e) Expectancy theory.

Ans: C
Difficulty: Moderate
Ref: Behavioural Management Approaches

178. Douglas McGregor would describe managers who tend to be directive in their relationships with others and who take a command-and-control orientation as _____ managers.
a) Scientific principles.
b) Theory X.
c) Theory Y.
d) Theory Z.
e) Administrative principles.

Ans: B
Difficulty: Moderate
Ref: Behavioural Management Approaches

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179. A manager who allows his or her subordinates to participate in decision-making, who delegates authority to them, and who offers them greater job autonomy and job variety would be classified by Douglas McGregor as a _____ manager.
a) Democratic.
b) Human relations.
c) Theory X.
d) Theory Y.
e) Theory Z.

Ans: D
Difficulty: Moderate
Ref: Behavioural Management Approaches

180. According to Chris Argyris, certain management principles found in the classical approaches are inconsistent with _____.
a) The administrative-principles approach.
b) Theory X.
c) The mature adult personality.
d) Rational principles.
e) The findings of quantitative analysis.

Ans: C
Difficulty: Moderate
Ref: Behavioural Management Approaches

181. According to Chris Argyris, management practices that are influenced by _____ are inconsistent with the mature adult personality.
a) Classical management approaches.
b) Behavioural management approaches.
c) Human resource management approaches.
d) Quantitative management approaches.
e) Modern management approaches.

Ans: A
Difficulty: Moderate
Ref: Behavioural Management Approaches

182. Argyris believes that implementation of classical management ideas such as the bureaucratic organization and Fayol's administrative principles will do all of the following EXCEPT:
a) Create conditions for psychological failure among the workers.
b) Ensure that workers are productive and efficient.
c) Create dependent and passive workers.
d) Cause workers to have little sense of control over their work environments.
e) Undermine worker performance.

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Ans: B
Difficulty: Moderate
Ref: Behavioural Management Approaches

183. According to Argyris's theory of personality and organization, managers who treat people as _____ will achieve _____.
a) Dependent workers … the highest productivity.
b) Dependent workers … high profitability.
c) Mature and responsible adults … mediocre productivity.
d) Mature and responsible adults … the highest productivity.
e) Friendly workers … high productivity and profitability.

Ans: D
Difficulty: Moderate
Ref: Behavioural Management Approaches

184. Argyris believes that absenteeism, turnover, apathy, alienation, and similar behavioural problems in the workplace occur because of _____.
a) A mismatch between workers' mature personalities and management practices.
b) Task specialization.
c) Theory Y management.
d) A lack of situational thinking.
e) Poor communication between managers and employees.

Ans: A
Difficulty: Moderate
Ref: Behavioural Management Approaches

185. Which of the following statements accurately describe quantitative management approaches?
a) Quantitative management approaches developed about the same time as human resource approaches to management.
b) Quantitative approaches are based on the assumption that mathematical techniques can be used to improve managerial problem solving.
c) Quantitative approaches are increasingly driven by computer technology.
d) All of the above statements accurately describe quantitative management approaches.
e) None of the above statements accurately describe quantitative management approaches.

Ans: D
Difficulty: Hard
Ref: Modern Management Foundations

186. Management science focuses specifically on _____.
a) how organizations create products and services
b) finding new ways to improve quality
c) determining the one best way to manage
d) applying mathematical techniques to solve management problems

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e) improving organizational systems and subsystems

Ans: D
Difficulty: Moderate
Ref: Modern Management Foundations

187. A real estate developer wants to control costs and complete building a new apartment complex on time. The developer will use the_____ quantitative approach.
a) Network models
b) Inventory analysis
c) Queuing theory
d) Linear programming
e) Mathematical forecasting

Ans: A
Response: Moderate
Ref: Modern Management Foundations

188. An oil exploration company is worried about future petroleum reserves in various parts of the world. The oil company will use the_____ quantitative approach.
a) Network models
b) Inventory analysis
c) Queuing theory
d) Linear programming
e) Mathematical forecasting

Ans: E
Difficulty: Moderate
Ref: Modern Management Foundations

189. A "big box" retailer is trying to deal with pressures on profit margins by minimizing costs of inventories while never being "out of stock" for their customers. The big box retailer will use the_____ quantitative approach.
a) Network models
b) Inventory analysis
c) Queuing theory
d) Linear programming
e) Mathematical forecasting

Ans: B
Difficulty: Moderate
Ref: Modern Management Foundations

190. A grocery store is getting complaints from customers that waiting times are too long for checkout during certain times of the day. The grocery store will use the_____ quantitative approach.
a) Network models

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b) Inventory analysis
c) Queuing theory
d) Linear programming
e) Mathematical forecasting

Ans: C
Difficulty: Moderate
Ref: Modern Management Foundations

191. _____ is the total set of managerial activities that an organization uses to create its products or services.
a) Management science
b) Managerial effectiveness
c) Operations management
d) A transformation system
e) Scientific management

Ans: C
Difficulty: Easy
Ref: Modern Management Foundations

192. A _____ is a collection of interrelated parts that function together to achieve a common purpose.
a) Contingency.
b) System.
c) Mathematical model.
d) Quantitative structure.
e) Need hierarchy.

Ans: B
Difficulty: Easy
Ref: Modern Management Foundations

193. A smaller component of a larger system is known as _____.
a) A subsystem.
b) A supersystem.
c) A department.
d) A team.
e) A contingent operation.

Ans: A
Difficulty: Easy
Ref: Modern Management Foundations

194. A system that actively interacts with its environment is best described as a(n)
a) subsystem.
b) closed system.
c) department.

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d) transformation system
e) open system

Ans: E
Difficulty: Moderate
Ref: Modern Management Foundations

195. A system is defined as open because _____.
a) It is permissive in observing the various principles of management.
b) Its subsystems do not relate to one another.
c) It uses Theory X management assumptions.
d) It interacts with its environment in the continual process of transforming resource inputs into outputs.
e) It treats its employees as responsible adults.

Ans: D
Difficulty: Moderate
Ref: Modern Management Foundations

196. Chevrolet-Pontiac of Canada is a division of General Motors and is composed of several departments. Using the systems theory, it would be classified as _____.
a) an entropic system
b) a subsystem
c) either a system or a subsystem depending on the frame of reference
d) either an open or a closed system depending on the frame of reference
e) a closed system

Ans: C
Difficulty: Hard
Ref: Modern Management Foundations

197. During the 1960s, there were many people who were offended by what they viewed as the gross commercialism of their environment. As a result, many went to live in communes. The members of the communes tried to make the communes as self-sufficient as possible. The commune dwellers tried to create _____ that did not interact with the external environment.
a) subsystems
b) closed systems
c) transformation systems
d) resource-independent systems
e) open systems

Ans: B
Difficulty: Hard
Ref: Modern Management Foundations

198. Matching responses to the unique problems and opportunities posed by different situations is called _____.

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a) Quantitative analysis.
b) Rationalism.
c) The theory of applicability.
d) Contingency thinking.
e) Self-actualization.

Ans: D
Difficulty: Easy
Ref: Modern Management Foundations

199. Matching managerial responses to the problems and opportunities created by individual and environmental differences is the focus of _____.
a) Quantitative management.
b) Systems analysis.
c) Contingency thinking.
d) Hierarchical analysis.
e) Human resources thinking.

Ans: C
Difficulty: Moderate
Ref: Modern Management Foundations

200. In her role as supervisor of a diverse workforce, Melissa uses whatever style of management seems to fit the individual employee's needs. Her management style conforms to which theory of management?
a) Bureaucratic management
b) Total Quality Management
c) The contingency approach
d) Theory X and Y
e) Maslow's Theory

Ans: C
Difficulty: Hard
Ref: Modern Management Foundations

201. According to contingency theories, _____.
a) The best management approach is based on Theory Y assumptions.
b) There is no one best management approach.
c) The best management approach employs formal mathematical models.
d) The best management approach takes human factors into consideration.
e) The best management approach focuses on the economic realities of decision making.

Ans: B
Difficulty: Moderate
Ref: Modern Management Foundations

202. Which of the following is a true statement about Total Quality Management?

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a) It focuses on applying quantitative management approaches to the production of goods and services.
b) It is a process of making a commitment to applying quality standards and principles to the way operations are managed in all parts of the organization.
c) It focuses on reducing the cost of production.
d) States that there is one best way to manage people and operations.
e) Is a method of determining how to best allocate scarce resources among competing uses.

Ans: B
Difficulty: Hard
Ref: Modern Management Foundations

203. Continuous improvement is_____
a) another term used to describe total quality management.
b) a method used to make future projections
c) a process of finding better ways to improve operations
d) a method of reducing production and operating costs.
e) a method of determining resource allocation.

Ans: C
Difficulty: Easy
Ref: Modern Management Foundations

204. The basic principles behind TQM that Deming taught the Japanese include:
a) Tally defects, analyze and trace them to the source, make corrections, measure what follows.
b) Tally defects, analyze and trace them to the source, redesign the manufacturing process
c) Tally defects, analyze and trace them to the source, make corrections
d) Tally defects, analyze and trace them to the source, make corrections, solicit customer feedback
e) None of the above

Ans: A
Difficulty: Moderate
Ref: Modern Management Foundations

205. Operations and management services in organizations worldwide have adopted international quality standards known as:
a) Knowledge management
b) Continuous improvement
c) ISO certification
d) Total Quality Management
e) Evidence based management

Ans: C
Difficulty: Moderate
Ref: Modern Management Foundations

206. _____ is the process of using intellectual capital for competitive advantage.

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a) Knowledge management
b) Continuous improvement
c) ISO certification
d) Total Quality Management
e) Evidence based management

Ans: A
Difficulty: Easy
Ref: Modern Management Foundations

207. All of the following are intellectual assets of an organization's portfolio which the Chief Knowledge Officer (CKO) oversees except:
a) Patents
b) Intellectual property rights
c) Trade secrets
d) Accumulated knowledge of the workforce
e) ISO certification

Ans: E
Difficulty: Hard
Ref: Modern Management Foundations

208. A _____ is able to continually learn and adapt itself to new experiences.
a) Learning organization.
b) Systems organization.
c) Change organization.
d) Values organization.
e) Experience-based organization.

Ans: A
Difficulty: Easy
Ref: Modern Management Foundations

209. During a job interview, Jim was told by one of the team leaders that the company uses lessons of experience to promote continuous change and improvement. Jim interviewed for a job in which kind of organization?
a) A Theory X organization.
b) A contingency organization.
c) A learning organization.
d) A bureaucratic organization.
e) A mature organization.

Ans: C
Difficulty: Moderate
Ref: Modern Management Foundations

210. Which of the following is NOT a core ingredient of learning organizations?

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a) Mental models.
b) Personal mastery.
c) Systems thinking.
d) Shared vision.
e) Individual learning.

Ans: E
Difficulty: Moderate
Ref: Modern Management Foundations

211. Which of the following statements provides an incorrect description of learning organizations?
a) Learning organizations should emphasize values that focus on information, teamwork, empowerment, participation, and leadership.
b) Learning organizations depend on leadership that sets an example for others by embracing change and communicating enthusiasm.
c) Learning organizations refer to vendors that provide training programs for other organizations.
d) Learning organizations require a value-driven culture.
e) Learning organizations make learning continuously available to everyone.

Ans: C
Difficulty: Moderate
Ref: Modern Management Foundations

212. Peters and Waterman's attributes of performance excellence include all of the following EXCEPT:
a) A bias toward action.
b) Closeness to the customers.
c) Closeness of supervision.
d) Autonomy and entrepreneurship.
e) Productivity through people.

Ans: C
Difficulty: Moderate
Ref: Modern Management Foundations

213. Peters and Waterman's attributes of performance excellence include all of the following EXCEPT:
a) Strategic opportunities.
b) Hands-on and value-driven.
c) Sticking to the knitting.
d) Simple form and lean staff.
e) Simultaneous loose-tight properties.

Ans: A
Difficulty: Moderate
Ref: Modern Management Foundations

Essay Questions

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214.What can be learned from classical management thinking?

Ans: The classical management approaches encompass scientific management, administrative principles, and bureaucratic organization. The basic assumption of the classical management approaches is that people are rational and are primarily driven by economic concerns.
The useful lessons from scientific management, as espoused by Frederick Taylor, are: make results-based compensation a performance incentive; carefully design jobs with efficient work methods; carefully select workers with the abilities to do these jobs; train workers to perform the jobs to the best of their abilities; and train supervisors to support workers so they can perform the jobs to the best of their abilities. In addition, the work of Frank and Lillian Gilbreth, also done within the scientific management tradition, provided a foundation for later advances in job simplification, work standards, and incentive wage plans.
The contributions of the administrative principles branch of the classical management approach are exemplified by the work of Henri Fayol and Mary Parker Follett. Henri Fayol developed rules and principles of management that served as guides to management practice. His rules of managerial foresight, organization, command, coordination, and control are similar to the modern planning, organizing, leading, and controlling functions of management. Fayol's scalar chain, unity of command, and unity of direction principles also served to guide management practice. Follett brought an understanding of groups and a deep commitment to human cooperation to her writings about businesses and other organizations. Her insights about groups and human cooperation include the following: groups are mechanisms through which individuals could combine their talents for a greater good; organizations should be viewed as communities in which managers and workers work in harmony; and the manager's job is to help organization members cooperate with one another and achieve an integration of interests. Follett's work also anticipated many modern management concepts and practices, including employee ownership, profit sharing, gain-sharing, systems concepts, managerial ethics, and corporate social responsibility.
Max Weber viewed bureaucracy as an ideal, intentionally rational, and very efficient form of organization founded on principles of logic, order, and legitimate authority. The characteristics of bureaucratic organizations include the following: a clear division of labour, a clear hierarchy of authority, formal rules and procedures, impersonality, and careers based on merit. Weber believed that by designing and operating organizations as bureaucracies, productivity could be optimized.
Difficulty: Moderate
Ref: Classical Management Approaches

215.What did the behavioural management approaches contribute to management thinking?

Ans: The basic assumption of the behavioural management approaches is that people are social and self-actualizing. These approaches include the Hawthorne studies, Maslow's theory of human needs, McGregor's Theory X and Theory Y, and Argyris's theory of adult personality. The key contribution of the Hawthorne studies is that people's feelings, attitudes, and relationships with co-workers influence their performance. Maslow's hierarchy of human needs suggests that managers who can help people satisfy their important needs at work will achieve productivity. Douglas McGregor, the developer of Theory X and Theory Y, argued that managers should devote more attention to people's social and self-actualizing needs at work. McGregor asserted that managers must shift their perspective from Theory X — a set of negative assumptions about human behaviour — to Theory Y — a set of positive assumptions about human behaviour. McGregor believed that managers who hold either set of assumptions can create self-fulfilling prophecies — that is, through their behaviour they can create situations where subordinates act to confirm the managers' original expectations. Theory Y assumptions are central to contemporary ideas about employee participation, involvement, empowerment, and self-management. Argyris argued that organizations were too often structured and operated in ways that were incongruous with the needs and characteristics of the adult personality. He maintained that implementation of classical management ideas such as the bureaucratic organization and Fayol's administrative principles would create conditions for psychological failure among the workers, create dependent and passive workers, cause workers to have little sense of control over their work environments, and

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undermine worker performance. To have high individual and organizational performance, Argyris advocated transforming organizations so they would be compatible with the capacities and characteristics of the adult personality.
Difficulty: Moderate
Ref: Behavioural Management Approaches

216.Assume you are a manager working in one of today's Fortune 500 Companies. Discuss how you would try to influence workers' motivation using the classical approach to management. How would you try to influence workers' motivation using the behavioural management approach to management?

Ans: The students should draw on the material in their answers to the preceding two questions to address the applied issue in this question. The students should identify both the ideas they are using and how they are using them. The emphasis should be on the practical application of these ideas.
Difficulty: Hard
Ref: Classical Management Approaches, Behavioural Management Approaches

217.What is systems thinking? What is contingency thinking? Why are both types of thinking useful for managers in contemporary organizations?

Ans: Systems thinking views organizations as open systems that interact with their environment in a continual process of transforming resource inputs into product outputs. Systems thinking also views the organization as a collection of interrelated parts or subsystems that must function together to achieve a common purpose. Each subsystem needs to perform its tasks well and to work well with the other subsystems.
Contingency thinking tries to match managerial responses with the problems and opportunities unique to different situations, particularly those posed by individual and environmental differences. Contingency approaches to management assert that there is no one best way to manage. Instead, managers should understand individual and situational differences and respond to them in appropriate ways.
Systems thinking and contingency thinking recognize the realities of complex modern organizations and their interplay with dynamic and competitive global environments. Failure to embrace either systems thinking or contingency thinking undermines the effective management and leadership of organizations.
Difficulty: Moderate
Ref: Modern Management Foundations

218.Why is knowledge management such a critical component of today's organizations? Why is Google a good example of a dynamic knowledge management company?

Ans: Our technology-driven world is both rich with information and demanding in the pace and uncertainty of change. And although this is a setting in which knowledge workers excel, Peter Drucker has warned that "knowledge constantly makes itself obsolete." His message is worth hearing. It suggests that neither people nor organizations can afford to rest on past laurels; future success will be earned only by those who continually build and use knowledge to the fullest extent possible.
The term knowledge management describes the processes through which organizations use information technology to develop, organize, and share knowledge to achieve performance success. You can spot the significance of knowledge management with the presence of an executive job title—chief knowledge officer. The "CKO" is responsible for energizing learning processes and making sure that an organization's portfolio of intellectual assets is well managed and continually enhanced. These assets include such things as patents, intellectual property rights, trade secrets, and special processes and methods, as well as the accumulated knowledge and understanding of the entire workforce.

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Google can be considered a knowledge management company. It not only runs a business model based on information searches; it operates as an organization with an information-rich culture driven by creativity and knowledge. Google morphs and grows and excels, in part, because the firm is organized and operates in ways that continually tap the developing knowledge of its members. Its information technologies and management philosophies help and encourage employees located around the world to share information and collaborate to solve problems and explore opportunities. The net result is a firm that seems to keep competitors and the business community at large always guessing what its next steps might be.
Difficulty: Hard
Ref: Knowledge Management and Organizational Learning

219.Erica is the CEO of a multinational company that is planning to expand into China. Which of the 21st Century manager attributes would be the most important in her job?

Ans: Managers of the 21st century will have to excel as never before to meet the expectations held of them and of the organizations they lead.

Erica would need to be a global strategist. She needs to understand the interconnections between Canada and China, the cultural differences between Canada and China, and be able to plan with these differences in mind.
Difficulty: Moderate
Ref: 21ST-CENTURY LEADERSHIP

220.The core of an evidence-based management approach is the application of 'the scientific method' to the decision-making process. Define evidence-based management approach and describe the scientific method used in this approach.

Ans: Evidence-based management, or EBM, is defined as the process of making management decisions on "hard facts"- that is about what really works, rather than on "dangerous
half-truths"- things that sound good but lack empirical substantiation.
Evidence-based management proceeds from the premise that using better, deeper logic and employing facts to the extent possible permits leaders to do their jobs better. Evidence-based management is based on the belief that facing the hard facts about what works and what doesn't, understanding the dangerous half-truths that constitute so much conventional wisdom about management, and rejecting the total nonsense that too often passes for sound advice will help organizations perform better.
The scientific method is a well-established practice that refers to techniques for investigating phenomena, acquiring new knowledge, or correcting and integrating previous knowledge. To be termed scientific, a method of inquiry must be based on gathering observable, empirical and measurable evidence subject to specific principles of reasoning. It includes the following guidelines:

- A research question or problem is identified
- One or more hypotheses, or possible explanations, are stated
- A research design is created to systematically test the hypotheses
- Data gathered through the research are analyzed and interpreted
- The hypotheses are accepted or rejected based upon the evidence

Difficulty: Moderate
Ref: Evidence-Based Management

221.Is the following statement an underlying principle of Maslow's theory? "A need at any level is activated only when the next-lower-level need is satisfied".

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Ans: Yes. The above statement is the progression principle of the Maslow's theory - the five needs exist in a hierarchy of "prepotency".
According to Maslow, people try to satisfy the five needs in sequence. They progress step by step from the lowest level in the hierarchy up to the highest. Along the way, a deprived need dominates individual attention and determines behaviour until it is satisfied. Then, the next-higher-level need is activated. At the level of self-actualization, the deficit and progression principles cease to operate.
Difficulty: Moderate
Ref: Maslow's Theory Of Human Needs

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Chapter 3: Global Dimensions of Management

True/False

1. Companies like IBM, Boeing, and Nike all still manufacture their products solely in the US.

Ans: False
Difficulty: Easy
Ref: Introduction

Management and Globalization

2. A global economy means that resources, markets, and competition are worldwide in scope.

Ans: True
Difficulty: Easy
Ref: Management and Globalization

3. The process of growing independence among the various components of the global economy is referred to as globalization.

Ans: False
Difficulty: Moderate
Ref: Management and Globalization

4. Global managers keep informed about international developments and are able to understand and relate to people with diverse cultural backgrounds.

Ans: True
Difficulty: Moderate
Ref: Management and Globalization

Global Management

5. Global management involves managing businesses in more than one country.

Ans: True

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Difficulty: Easy
Ref: Management and Globalization

6. Global businesses conduct for-profit transaction of goods and services across national boundaries.

Ans: True
Difficulty: Easy
Ref: Management and Globalization

7. Organizations that have operations and business interests in more than one country are known as International businesses.

Ans: True
Difficulty: Easy
Ref: Management and Globalization

8. Businesses expand their operations to the international marketplace in order to increase profits and gain access to customers, suppliers, capital, and labour.

Ans: True
Difficulty: Hard
Ref: Management and Globalization

Why Companies Go Global

9. Businesses go international to gain new markets to sell products and to enhance profit potential but not to increase access to raw materials, lower-cost labour, or financial resources.

Ans: False
Difficulty: Hard
Ref: Management and Globalization

10. Global sourcing, exporting/importing, and licensing/franchising are market entry strategies for conducting international business.

Ans: True
Difficulty: Moderate
Ref: Management and Globalization

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11. Global sourcing is the process of purchasing materials, component parts, or business services from different countries around the world.

Ans: True
Difficulty: Easy
Ref: Management and Globalization

Exporting and Importing

12. Importing enables a company to enter the international market by selling locally-made products in foreign markets.

Ans: False
Difficulty: Moderate
Ref: Management and Globalization

13. Exporting refers to buying foreign-made products and selling them in domestic markets.

Ans: False
Difficulty: Easy
Ref: Management and Globalization

14. Because the growth of export industries creates jobs, governments willingly give advice and assistance to businesses trying to grow their export capabilities.

Ans: True
Difficulty: Moderate
Ref: Management and Globalization

Licensing and Franchising

15. A licensing agreement is a form of international business through which a foreign company pays a fee for the rights to manufacture or sell another firm's products in a specified region.

Ans: True
Difficulty: Moderate
Ref: Management and Globalization

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16. A franchise is a type of business in which a local firm pays a foreign firm a fee for the rights to make and/or sell the foreign firm' products.

Ans: True
Difficulty: Easy
Ref: Management and Globalization

Joint Ventures and Strategic Alliances

17. Joint ventures and franchising are direct investment strategies for conducting international business.

Ans: False
Difficulty: Hard
Ref: Management and Globalization

18. Direct investment strategies require major capital commitments but create rights of ownership and control over foreign operations.

Ans: True
Difficulty: Moderate
Ref: Management and Globalization

19. Insourcing is the process of creating jobs through foreign direct investment.

Ans: True
Difficulty: Moderate
Ref: Management and Globalization

20. In a joint venture, a foreign firm buys the rights to use another's name and operating methods in its home country.

Ans: False
Difficulty: Hard
Ref: Management and Globalization

21. A foreign direct investment is building, buying, or buying part ownership of a business in another country.

Ans: True
Difficulty: Easy
Ref: Management and Globalization

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Foreign Subsidiaries

22. A U.S. owned company that is operated overseas is considered a foreign subsidiary.

Ans: True
Difficulty: Easy
Ref: Management and Globalization

23. A foreign subsidiary is a local operation that is completely owned and controlled by a foreign firm.

Ans: True
Difficulty: Moderate
Ref: Management and Globalization

24. A Greenfield investment is one in which a foreign operation is built entirely new or a firm purchases a local operation in its entirety.

Ans: True
Difficulty: Moderate
Ref: Management and Globalization

Legal and Political Systems

25. Political risk is the potential loss in value of a foreign investment due to instability and political changes in the host country.

Ans: True
Difficulty: Moderate
Ref: Management and Globalization

26. Most global firms use a planning technique called a political risk analysis to forecast political disruptions that can threaten foreign investments.

Ans: True
Difficulty: Moderate
Ref: Management and Globalization

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27. Any company doing business abroad is not necessarily required to abide by local laws, but by their home country laws.

Ans: False
Difficulty: Moderate
Ref: Management and Globalization

Trade Agreements and Trade Barriers

28. The World Trade Organization (WTO) is a global institution that was established to promote free trade and open markets around the world.

Ans: True
Difficulty: Moderate
Ref: Management and Globalization

29. The World Trade organization uses tariffs and quotas to protect favoured nations from foreign competition.

Ans: False
Difficulty: Moderate
Ref: Management and Globalization

30. The most favoured nation status allows a nation to choose one other nation to get special treatment regarding quotas and tariffs.

Ans: True
Difficulty: Easy
Ref: Management and Globalization

31. Protectionism is used by the members of the European Union to restrict business and government procurement of goods and services from foreign competition.

Ans: True
Difficulty: Moderate
Ref: Management and Globalization

32. Tariffs are taxes governments levy on imports from abroad.

Ans: True
Difficulty: Easy
Ref: Management and Globalization

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Regional Economic Alliances

33. The North American Free Trade Agreement (NAFTA) largely frees the flow of goods and services, workers, and investments between the U.S. and Canada, but limits them between the United States and Mexico.

Ans: False
Difficulty: Easy
Ref: Management and Globalization

34. The Nations that make up NAFTA facilitate cross-border trade and business development by sharing a common currency.

Ans: False
Difficulty: Moderate
Ref: Management and Globalization

35. APEC was established to promote free trade and investment in European countries.

Ans: False
Difficulty: Moderate
Ref: Management and Globalization

36. The European Union is an alliance of European countries that agree to promote mutual economic growth by removing barriers that previously limited cross-border trade and business development.

Ans: True
Difficulty: Moderate
Ref: Management and Globalization

37. The European Union is a group of European countries that have common trade and customs laws that facilitate the free flow of workers, good and services, and investments across national boundaries.

Ans: True
Difficulty: Moderate
Ref: Management and Globalization

38. The expected benefits of a common European currency include higher productivity, lower inflation rates, and steady growth in the member countries.

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Ans: True
Difficulty: Moderate
Ref: Management and Globalization

39. The Asia-Pacific Economic Forum consists of 27 countries that agree to support economic growth and development by removing trade barriers.

Ans: False
Difficulty: Moderate
Ref: Management and Globalization

40. SADC links 14 countries of Southeast Asia in trade and economic development efforts.

Ans: False
Difficulty: Moderate
Ref: Management and Globalization

Global businesses

41. A global corporation or multinational corporation is a business firm with extensive international operations in more than one foreign country.

Ans: True
Difficulty: Moderate
Ref: Global Businesses

Types of Global Businesses

42. Transnational corporations view the entire world as their domain for acquiring resources, locating production facilities, and marketing goods and services.

Ans: True
Difficulty: Moderate
Ref: Global Businesses

43. Transnational corporations have a domestic perspective yet operate across borders and make multinational decisions.

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Ans: False
Difficulty: Moderate
Ref: Global Businesses

44. Technology transfer, capital development, increased employment opportunities, and the development of local resources benefits that host countries can obtain from relationships with multinational corporations.

Ans: True
Difficulty: Hard
Ref: Global Businesses

45. Transnational corporations seek integration of their operations, operating across borders without home-based prejudices and making major decisions from a global perspective.

Ans: True
Difficulty: Moderate
Ref: Global Businesses

Pros and Cons of Global Corporations

46. When large multinationals gain disproportionately from the forces of globalization, while smaller firms and countries do not, there occurs what is referred to as a "globalization gap."

Ans: True
Difficulty: Hard
Ref: Global Businesses

47. Host-country complaints about multinational corporations (MNCs) include foreign exchange restrictions, pressure to buy raw materials at inflated prices, failure to protect intellectual property, and failure to uphold contracts.

Ans: False
Difficulty: Hard
Ref: Global Businesses

48. Multinational corporations are often criticized at home for: diverting labour-intensive jobs from the domestic labour force to foreign labour markets, diverting capital investments away from the domestic market, and encouraging corrupt practices in their foreign subsidiaries.

Ans: True
Difficulty: Moderate

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Ref: Global Businesses

Ethics Challenges for Global Managers

49. Corruption involves engaging in illegal practices to further one's business interests.

Ans: True
Difficulty: Easy
Ref: Global Businesses

50. In the United States, the Foreign Corrupt Practices Act makes it illegal for U.S. firms to engage in U.S. corrupt practices overseas.

Ans: True
Difficulty: Easy
Ref: Global Businesses

51. The Foreign Corrupt Practices Act fails to recognize the reality of business practices and values of other nations.

Ans: True
Difficulty: Easy
Ref: Global Businesses

52. Sweatshops employ workers at very low wages and often in poor working conditions.

Ans: True
Difficulty: Easy
Ref: Global Businesses

53. The use of child labour has been effectively eliminated as an ethical issue that faces managers of MNCs.

Ans: False
Difficulty: Moderate
Ref: Global Businesses

Sustainable Development

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54. Citizens of many nations are putting increased pressure on global corporations to protect the natural environment, pursue safe industrial practices, and pursue sustainable development.

Ans: True
Difficulty: Easy
Ref: Global Businesses

55. Sustainable development places greater importance on the needs of the present generation than on the needs of future generations.

Ans: False
Difficulty: Moderate
Ref: Global Businesses

56. Culture is the shared set of beliefs, values, and patterns of behaviour common to a group of people.

Ans: True
Difficulty: Easy
Ref: Culture and Global Diversity

57. Culture shock is the tendency to view one's culture as superior to other cultures.

Ans: False
Difficulty: Moderate
Ref: Culture and Global Diversity

58. Ethnocentrism is the confusion or discomfort that someone may experience when in an unfamiliar culture.

Ans: False
Difficulty: Moderate
Ref: Culture and Global Diversity

59. Culture shock is the confusion and discomfort that a person goes through in adjusting to a new culture.

Ans: True
Difficulty: Easy
Ref: Culture and Global Diversity

Cultural Intelligence

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60. Self-awareness and reasonable sensitivity are the basic building blocks of cultural intelligence.

Ans: True
Difficulty: Moderate
Ref: Culture and Global Diversity

61. People who have a high degree of cultural intelligence are likely to be more successful as international managers.

Ans: True
Difficulty: Easy
Ref: Culture and Global Diversity

Silent Languages Of Culture

62. The silent language of culture refers to the common practices and beliefs that are similar across different cultures.

Ans: False
Difficulty: Moderate
Ref: Culture and Global Diversity

63. High-context cultures are those in which most communication takes place via the spoken or written word. Low-context cultures are those in much communication takes place through nonverbal and situational cues in addition to the written or spoken word.

Ans: False
Difficulty: Hard
Ref: Culture and Global Diversity

64. In low-context cultures, contracts tend to be viewed as binding agreements; in high-context cultures, written contracts continue to emerge and are modified as the parties work together.

Ans: True
Difficulty: Moderate
Ref: Culture and Global Diversity

65. In terms of proxemics, Japanese culture places little emphasis on how space is used or managed.

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Ans: True
Difficulty: Moderate
Ref: Culture and Global Diversity

66. In monochronic cultures time is used to accomplish many different things at once.

Ans: False
Difficulty: Moderate
Ref: Culture and Global Diversity

67. In polychronic cultures people tend to do one thing at a time.

Ans: False
Difficulty: Easy
Ref: Culture and Global Diversity

Values and National Cultures

68. Hofstede has identified five fundamental dimensions of national culture that can be used to compare people in different cultures.

Ans: True
Difficulty: Moderate
Ref: Culture and Global Diversity

69. The importance of Hofstede's research lies in drawing attention to the impact that differences in national culture have on international management.

Ans: True
Difficulty: Moderate
Ref: Culture and Global Diversity

70. The five cultural dimensions identified by Hofstede are power distance, uncertainty avoidance, individualism-collectivism, masculinity-femininity, and time orientation.

Ans: True
Difficulty: Hard
Ref: Culture and Global Diversity

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71. The power dimension in Hofstede's framework is defined as the degree to which a society encourages individual autonomy to make decisions versus depending on others for direction.

Ans: False
Difficulty: Moderate
Ref: Culture and Global Diversity

72. The ecological fallacy assumes that a generalized cultural value applies equally well to all members of the culture.

Ans: True
Difficulty: Moderate
Ref: Culture and Global Diversity

73. In Hofstede's framework for comparing national cultures, uncertainty avoidance refers to the degree to which a society is uncomfortable with risk, change, and situational uncertainties.

Ans: True
Difficulty: Moderate
Ref: Culture and Global Diversity

74. In Hofstede's framework for comparing national cultures, individualism-collectivism concerns the degree to which a society values assertiveness and material concerns versus greater concerns for human relationships and feelings.

Ans: False
Difficulty: Hard
Ref: Culture and Global Diversity

75. The masculinity-femininity dimension of Hofstede's study of national cultures refers to the degree to which men and women differ in the way they deal with risk, change, and dealing with situational uncertainty.

Ans: False
Difficulty: Moderate
Ref: Culture and Global Diversity

76. According to Hofstede's framework for comparing national cultures, time orientation refers to the degree to which a society focuses on short-term considerations versus planning for the future.

Ans: True
Difficulty: Easy
Ref: Culture and Global Diversity

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77. Margaret Shaffer's research indicates that the Big Five traits are not effective predictors of expatriate effectiveness.

Ans: False
Difficulty: Hard
Ref: Culture and Global Diversity

78. The study of how management practices differ among countries and cultures is called comparative management.

Ans: True
Difficulty: Moderate
Ref: Global Management Learning

79. Comparative management demonstrates that management practices are the same across countries and cultures.

Ans: False
Difficulty: Moderate
Ref: Global Management Learning

Are Management Theories Universal?

80. Hofstede's research supports his conclusion that management practices are universal.

Ans: True
Difficulty: Moderate
Ref: Global Management Learning

81. According to Hofstede's research, managers in the United States are less democratic and place less emphasis on participation compared to managers in Sweden and Israel.

Ans: True
Difficulty: Hard
Ref: Global Management Learning

82. Geert Hofstede concludes that United States management theories can be applied universally overseas because they have been proven to be successful in the United States.

Ans: False

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Difficulty: Moderate
Ref: Global Management Learning

83. The Japanese approach to management emphasizes rapid advancement, individual decision making, and long-term employment.

Ans: False
Difficulty: Moderate
Ref: Global Management Learning

Culture Insights From Project Globe

84. The GLOBE Study found that cultural practices were less similar within a cluster than across clusters.

Ans: False
Difficulty: Hard
Ref: Global Management Learning

85. The GLOBE study found that uncertainty avoidance was higher in Germanic Europe and lower in the Middle East.

Ans: True
Difficulty: Moderate
Ref: Global Management Learning

86. Gender equality is defined as the degree to which cultures emphasize differences between men and women in society.

Ans: False
Difficulty: Moderate
Ref: Global Management Learning

87. Masculinity is high in the Middle East and low in Eastern Europe.

Ans: False
Difficulty: Hard
Ref: Global Management Learning

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88. Humane orientation reflects the degree to which a culture places emphasis on fairness, altruism, generosity and caring for others.

Ans: True
Difficulty: Moderate
Ref: Global Management Learning

89. Latin Europeans score high on institutional collectivism compared to Asians and Nordic Europeans.

Ans: False
Difficulty: Hard
Ref: Global Management Learning

90. Anglo cultures tend to score high on performance orientation while Asians are low on this dimension.

Ans: False
Difficulty: Hard
Ref: Global Management Learning

Global Management Attitudes and Learning

91. A manager with high cultural intelligence and who takes a collaborative approach to global management practices has a polycentric attitude.

Ans: False
Difficulty: Moderate
Ref: Global Management Learning

92. A manager with geocentric attitudes believes the best approaches are found at home and they tightly control foreign operations.

Ans: False
Difficulty: Moderate
Ref: Global Management Learning

93. Companies that believe in global organizational learning realize that businesses around the world have much to share with and learn from one another.

Ans: True
Difficulty: Easy
Ref: Global Management Learning

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94. To promote global organizational learning, organizations and their members should be alert, open, inquiring, and cautious regarding the potential merits of management practices found in other countries and how they are affected by cultural variables.

Ans: True
Difficulty: Moderate
Ref: Global Management Learning

Multiple Choice

95. The worldwide interdependence of resource supplies, product markets, and business competition characterizes the age of _____.
a) Trans-Asian management.
b) The European Union.
c) Free trade.
d) A global economy.
e) The multinational economy.

Ans: D
Difficulty: Moderate
Ref: Management and Globalization

96. The global economy is characterized by the _____.
a) Worldwide dependence of resource supplies, product markets, and business competition.
b) Worldwide independence of resource supplies, product markets, and business competition.
c) Worldwide interdependence of resource supplies, product markets, and business competition.
d) Worldwide distribution of resource supplies, product markets, and business competition.
e) Worldwide exploitation of resource supplies, product markets, and business competition.

Ans: C
Difficulty: Hard
Ref: Management and Globalization

97. _____ refers to the process of growing interdependence among resource supplies, product markets, and business competition on a worldwide basis.
a) International management.
b) Transnational interdependence.
c) Globalization.
d) Global management.
e) The multinational economy.

Ans: C

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Difficulty: Easy
Ref: Management and Globalization

98. Management activity that takes place in organizations with business interests in more than one country is known as _____.
a) global management.
b) transnational interdependence.
c) globalization.
d) trans-regional management.
e) multinational economics.

Ans: A
Difficulty: Easy
Ref: Management and Globalization

99. The global manager is a person who is _____.
a) comfortable speaking several different languages.
b) quick to find opportunities in unfamiliar settings.
c) able to utilize economic, social, technological, and other forces for the benefit of the organization.
d) has experienced culture shock.
e) culturally aware and informed on international issues.

Ans: E
Difficulty: Moderate
Ref: Management and Globalization

100. A(n) _____ business is one that conducts for-profit transactions of goods and services across national boundaries..
a) NGO
b) domestic
c) multinational
d) intercontinental
e) global

Ans: E
Difficulty: Moderate
Ref: Management and Globalization

101. The reasons companies go international are all of the following except:
a) Profits
b) Customers
c) Suppliers
d) Capital
e) Weak labour laws

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Ans: E
Difficulty: Moderate
Ref: Management and Globalization

102. Global sourcing, importing/exporting, licensing and franchising are typical ways to begin a _____.
a) global business
b) cross-cultural intrapreneurship.
c) transborder entrepreneurship.
d) NGO
e) Multinational franchise

Ans: A
Difficulty: Moderate
Ref: Management and Globalization

103. The process of purchasing materials, component parts, or business services from different countries around the world is known as _____.
a) exporting/importing
b) licensing
c) global sourcing
d) direct investment
e) joint venture

Ans: C
Difficulty: Moderate
Ref: Management and Globalization

104. The goal of _____ is to take advantage of international wage gaps and the availability of skilled labour by contracting for goods and services in low-cost foreign locations.
a) exporting
b) importing
c) licensing
d) global sourcing
e) direct investment

Ans: D
Difficulty: Moderate
Ref: Management and Globalization

105. The exporting of products involves _____.
a) acquiring foreign-made products and selling them in domestic markets
b) contracting to provide managerial and technical service to a foreign concern
c) selling locally made products in foreign markets
d) making a direct investment in a foreign operation
e) making products and selling them in local or domestic markets

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Ans: C
Difficulty: Easy
Ref: Management and Globalization

106. The importing of products involves _____.
a) buying foreign-made products and selling them in domestic markets
b) contracting to provide managerial and technical service to a foreign concern
c) selling locally made products in foreign markets
d) making a direct investment in a foreign operation
e) making products and selling them in local or domestic markets

Ans: A
Difficulty: Easy
Ref: Management and Globalization

107. _____ is a significant pathway to business growth for both individual firms and economies by providing new customer bases and expanded markets for products and services.
a) Importing
b) Exporting
c) Global sourcing
d) Licensing
e) Franchising

Ans: B
Difficulty: Moderate
Ref: Management and Globalization

108. _____ is a form of international business through which a foreign company pays a fee for the rights to manufacture or sell another firm's products in a specified region.
a) A franchise
b) A joint venture
c) A strategic alliance
d) A licensing agreement
e) Outsourcing

Ans: D
Difficulty: Moderate
Ref: Management and Globalization

109. A form of licensing in which a foreign firm buys the rights to use another's name and operating methods in its home country is called _____.
a) a licensing agreement
b) franchising
c) a joint venture

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d) outsourcing
e) a strategic alliance

Ans: B
Difficulty: Moderate
Ref: Management and Globalization

110. A firm that establishes a direct investment in a foreign country through a co-ownership arrangement that pools resources, shares risks, and shares control of business operations is engaging in _____.
a) a licensing agreement
b) a franchise
c) a joint venture
d) an equity alliance
e) outsourcing

Ans: C
Difficulty: Moderate
Ref: Management and Globalization

111. Which one of the following forms of international business transactions represent investments in a local operation that is completely owned and controlled by a foreign firm?
a) A franchise.
b) A multinational corporation.
c) Management contracts.
d) Foreign subsidiaries.
e) Joint ventures.

Ans: D
Difficulty: Moderate
Ref: Management and Globalization

112. A(n) _____is one in which a foreign operation is built entirely new or a firm purchases a local operation in its entirety.
a) Greenfield investment
b) franchise
c) multinational corporation
d) a joint venture
e) equity alliance

Ans: A
Difficulty: Moderate
Ref: Management and Globalization

113. International businesses face all of the following legal problems except:
a) Negotiating contracts with foreign parties

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b) Handling foreign exchange
c) Intellectual property rights
d) Implementing contracts
e) Real estate purchases for prospective facilities

Ans: E
Difficulty: Hard
Ref: Management and Globalization

114. _____is the potential loss in value of foreign investment due to instability and political changes in the host country.
a) Greenfield investment
b) Political risk
c) Protectionism
d) Global sourcing
e) None of the above

Ans: B
Difficulty: Moderate
Ref: Management and Globalization

115. A _____tries to forecast political disruptions that can threaten the value of a foreign investment.
a) Break even analysis
b) Political risk analysis
c) Cost benefit analysis
d) Strategic opportunism
e) None of the above

Ans: B
Difficulty: Moderate
Ref: Management and Globalization

116. The _____ is a global institution that was established to promote free trade and open markets around the world.
a) United Nations
b) World Trade Organization
c) International Trade Council
d) International Monetary Fund
e) World Court

Ans: B
Difficulty: Easy
Ref: Management and Globalization

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117. Members of the World Trade Organization agree to give each other the most favourable treatment for imports and exports, which is known as_____.
a) international political kickbacks
b) most favoured nation status
c) global greasing
d) most favoured bribery status
e) the Import/Export Bank

Ans: B
Difficulty: Moderate
Ref: Management and Globalization

118. The political call for tariffs and favourable treatment to help shelter domestic businesses from foreign competition is known as _____.
a) Free trade
b) Restrictive trade
c) Protectionism
d) Import Regulations
e) Export Agreements

Ans: C
Difficulty: Moderate
Ref: Management and Globalization

119. NAFTA is/are comprised of _____ linked together through favourable trade and customs laws to facilitate the free flow of workers, goods and services, and investments across national boundaries.
a) Northern European countries
b) African Nations
c) the U.S., Mexico and Canada
d) the U.S. and Canada
e) the U.S. Puerto Rico and the Caribbean community

Ans: C
Difficulty: Moderate
Ref: Management and Globalization

120. Countries that have joined together to form the North American Free Trade Agreement (NAFTA) include _____.
a) Canada, Mexico, and the United States
b) Canada and the United States
c) Canada and Mexico
d) Mexico and the United States
e) Canada, Greenland, and the United States

Ans: A
Difficulty: Easy
Ref: Management and Globalization

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121. Arguments on the positive side of NAFTA do not include
a) greater cross-border trade
b) benefits to farm exports
c) a common currency
d) reform of the Mexican business environment
e) greater productivity of manufacturers

Ans: C
Difficulty: Moderate
Ref: Management and Globalization

122. The Asia Pacific Economic Cooperation is an economic alliance of_____ members.
a) 21
b) 10
c) 3
d) 27
e) 34

Ans: B
Difficulty: Moderate
Ref: Management and Globalization

123. The _____ is an economic alliance of 27 European countries.
a) European Unified Countries Pact
b) European Free Trade Organization
c) European International Association
d) European Favoured Nation Agreement
e) European Union

Ans: E
Difficulty: Moderate
Ref: Management and Globalization

124. The European Union is an alliance of European countries that have _____.
a) signed a mutual defense treaty
b) agreed to promote mutual economic growth by removing trade barriers
c) created an international organization to represent the rights and interests of workers
d) formed a political alliance to overthrow hostile governments
e) decided to promote cultural exchanges

Ans: B
Difficulty: Moderate
Ref: Management and Globalization

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125. Which of the following are competitive implications for the European Union?
a) Free flow of workers, goods and services, and investments across national boundaries.
b) Each EU country has access to a market slightly smaller than the United States.
c) Unfavourable trade and customs laws.
d) Use of trade restrictions and quotas.
e) None of the above.

Ans: A
Difficulty: Moderate
Ref: Management and Globalization

126. The _____ links 14 countries of southern Africa in trade and economic development efforts.
a) South African Free Trade Association (SAFTA)
b) South African Community (SAC)
c) South Africa Union (SAU)
d) South Africa Economic Cooperative (SAEC)
e) South African Development Community (SADC)

Ans: E
Difficulty: Moderate
Ref: Management and Globalization

127. Foreign companies operating in the United States _____.
a) May encounter quite different laws than they are accustomed to in their home countries.
b) Must deal with antitrust issues that prevent competitors from regularly communicating with one another.
c) Must deal with special laws regarding occupational safety and health, equal employment opportunity, and sexual harassment.
d) All of the above.
e) None of the above.

Ans: D
Difficulty: Moderate
Ref: Management and Globalization

128. The best definition of a true global corporation (or MNC multinational corporation) is _____.
a) any firm that does business abroad
b) a business firm that has extensive operations in one foreign country
c) any import/export firm
d) any joint venture with a foreign firm
e) a business that has extensive international operations in more than one foreign country

Ans: E
Difficulty: Moderate
Ref: Global Businesses

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129. _____ have non-profit missions and operations that span the globe.
a) Charities
b) Non-profit organizations
c) Nongovernmental organizations
d) Global corporations
e) Multinational corporations

Ans: D
Difficulty: Easy
Ref: Global Businesses

130. A company that operates worldwide without being identified with one national home is known as a _____.
a) multinational corporation
b) transnational corporation
c) international corporation
d) nondomestic corporation
e) supernational corporation

Ans: B
Difficulty: Easy
Ref: Global Businesses

131. Transnational corporations view the entire world as their domain for all of the following EXCEPT:
a) acquiring resources
b) locating production facilities
c) marketing goods and services
d) communicating a brand image
e) creating the business plan

Ans: E
Difficulty: Hard
Ref: Global Businesses

132. A(n)_____make major decisions from a global perspective, distribute work among worldwide points of excellence, and employ executives from many different countries.
a) multinational corporation
b) transnational corporation
c) international corporation
d) nondomestic corporation
e) supernational corporation

Ans: B
Difficulty: Hard
Ref: Global Businesses

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133. Which of the following are mutual benefits for a multinational corporation and a host country?
a) Growth.
b) Learning.
c) Development.
d) A, B, and C.
e) None of the Above.

Ans: D
Difficulty: Moderate
Ref: Global Businesses

134. Host countries sometimes complain about the presence of multinational firms. These complaints include all of the following EXCEPT:
a) MNCs may dominate the local economy.
b) MNCs may export jobs to other countries.
c) MNCs fail to market products or services needed in the local economy.
d) MNCs may fail to transfer their most advanced technology.
e) MNCs fail to help domestic firms develop.

Ans: C
Difficulty: Moderate
Ref: Global Businesses

135. Engaging in illegal practices to further one's business interests is known as _____.
a) exploitation.
b) misappropriation.
c) corruption.
d) self-efficacy.
e) an ethical dilemma.

Ans: C
Difficulty: Easy
Ref: Global Businesses

136. In the United States, the Foreign Corrupt Practices Act is controversial because the act _____.
a) makes it hard for foreign firms to do business in the U.S.
b) makes it illegal for U.S. firms to engage in corrupt practices overseas
c) allows U.S. firms to make payoffs to foreign officials in order to obtain or keep business
d) makes it legal for foreign firms to use corrupt practices in the U.S.
e) makes it illegal for foreign firms to use corrupt practices in the U.S.

Ans: B
Difficulty: Moderate
Ref: Global Businesses

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137. _____ employs workers at very low wages and often working under poor working conditions.
a) A low-context culture
b) A high-context culture
c) A prison
d) A sweatshop
e) A multinational corporation

Ans: D
Difficulty: Easy
Ref: Global Businesses

138. _____ meets the needs of the present generation without compromising the ability of future generations to meet their needs.
a) Cultural diversity
b) Sustainable development
c) Environmental protection
d) ISO 9000
e) Intergenerational collaboration

Ans: B
Difficulty: Moderate
Ref: Global Businesses

139. Sustainable development has become a top priority for which major organization?
a) World Trade Organization
b) World Health Organization
c) International Standards Organization
d) The United Nations
e) None of the above

Ans: C
Difficulty: Hard
Ref: Global Businesses

140. A shared set of beliefs, values, and patterns of behaviour common to a group of people is referred to as _____.
a) culture.
b) the legal system.
c) the economic system.
d) group character.
e) national style.

Ans: A
Difficulty: Easy

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Ref: Culture and Global Diversity

141. _____ is the confusion and discomfort a person experiences when in an unfamiliar culture.
a) Groupthink
b) Polycentrism
c) Ethnocentrism
d) Culture shock
e) Xenophobia

Ans: D
Difficulty: Easy
Ref: Culture and Global Diversity

142. _____ is the tendency to view one's culture as superior to others.
a) Culture shock
b) A monochronic culture
c) Power distance
d) An inner-directed view
e) Ethnocentrism

Ans: E
Difficulty: Easy
Ref: Culture and Global Diversity

143. Which of the following statements accurately describe the basic building blocks of cultural intelligence?
a) Self-management and respect.
b) Self-awareness and reasonable cultural sensitivity.
c) Respect and emotional intelligence.
d) Diversity leadership and self-awareness.
e) Emotional intelligence and self-management.

Ans: B
Difficulty: Hard
Ref: Culture and Global Diversity

144. Cultural intelligence_____.
a) is the tendency to consider one's own culture to be superior to other cultures.
b) is the same as emotional intelligence.
c) Consists of seven stages that stages that people go through in adjusting to a new culture.
d) Is the ability to understand and adapt to new cultures.
e) Is the ability to communicate effectively in several languages

Ans: D
Difficulty: Moderate
Ref: Culture and Global Diversity

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145. Which sequence accurately describes the stages that a person goes through in adjusting to a new culture?
a) The honeymoon, confusion, irritation/anger, small victories, and reality.
b) Small victories, the honeymoon, reality, irritation/anger, and confusion.
c) Confusion, small victories, the honeymoon, irritation/anger, and reality.
d) Confusion, irritation/anger, reality, small victories, and the honeymoon.
e) The honeymoon, small victories, reality, confusion, and irritation/anger.

Ans: C
Difficulty: Hard
Ref: Culture and Global Diversity

146. _____ cultures are those in which most communication takes place via the written or spoken word.
a) Low-context
b) Middle-context
c) High-context
d) Corporate
e) Organizational

Ans: A
Difficulty: Moderate
Ref: Culture and Global Diversity

147. _____ cultures are those in which much communication takes place through nonverbal and situational cues in addition to the written or spoken word.
a) Low-context
b) Middle-context
c) High-context
d) Corporate
e) Organizational

Ans: C
Difficulty: Moderate
Ref: Culture and Global Diversity

148. In _____, people tend to do one thing at a time.
a) polychronic cultures
b) monochronic cultures
c) ethical cultures
d) time dependent cultures
e) sensitive cultures

Ans: B
Difficulty: Easy
Ref: Culture and Global Diversity

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149. In _____, time is used to accomplish many different things at once.
a) polychronic cultures
b) monochronic cultures
c) ethical cultures
d) time dependent cultures
e) sensitive cultures

Ans: A
Difficulty: Easy
Ref: Culture and Global Diversity

150. Proxemics relates to which of the following aspects of the silent language of culture?
a) Non-verbal communication
b) Monochronic cultures.
c) Space orientation.
d) Context.
e) Time Orientation.

Ans: C
Difficulty: Moderate
Ref: Culture and Global Diversity

151. Geert Hofstede has developed a framework consisting of five dimensions for understanding the management implications of broad differences in national cultures. Which one of the following statements accurately identifies these five dimensions?
a) Location, certainty avoidance, individualism-collectivism, masculinity-femininity, and religious tradition.
b) Power distance, certainty avoidance, individualism-utilitarianism, masculinity-femininity, and religious tradition.
c) Political distance, uncertainty avoidance, utilitarianism-collectivism, masculinity-femininity, and time orientation.
d) Power distance, uncertainty avoidance, individualism-collectivism, masculinity-femininity, and time orientation.
e) Power distance, uncertainty avoidance, individualism-collectivism, totalitarianism-decentralization, and economic opportunities.

Ans: D
Difficulty: Hard
Ref: Culture and Global Diversity

152. _____assumes that a generalized cultural value applies equally well to all members of the culture.
a) Proxemics
b) Ecological fallacy
c) Uncertainty avoidance
d) Cultural intelligence

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e) Power distance

Ans: B
Difficulty: Moderate
Ref: Culture and Global Diversity

153. Which of the following descriptions best describes Hofstede's power distance dimension?
a) Reliance on group decisions versus reliance on individual decisions.
b) Everybody should have equal rights versus the ones who are in control are entitled to privilege.
c) Willingness to take risks versus concern with security in life.
d) Interdependence versus independence.
e) Time is free versus time is money.

Ans: B
Difficulty: Hard
Ref: Culture and Global Diversity

154. Hofstede defined his uncertainty avoidance dimension of national culture as _____.
a) The degree to which a society is uncomfortable with risk, change, and situational uncertainties.
b) The degree to which a society accepts a hierarchical or unequal distribution of power in organizations.
c) The degree to which a society emphasizes individual accomplishments and self-interests versus the collective accomplishments and interests of groups.
d) The degree to which a society emphasizes assertiveness and material concerns versus greater concerns for human relationships and feelings.
e) The degree to which a society emphasizes short-term considerations versus greater concern for the future.

Ans: A
Difficulty: Hard
Ref: Culture and Global Diversity

155. Which of the following descriptions represents Hofstede's individualism-collectivism dimension?
a) All people should have equal rights versus the ones in control are entitled to privilege.
b) Willingness to take risks versus concern with security in life.
c) Reliance on individual accomplishments and self-interests versus the collective accomplishments and interests of the group.
d) Interdependence versus independence.
e) Time is free versus time is money.

Ans: C
Difficulty: Moderate
Ref: Culture and Global Diversity

156. Which of the following descriptions represents Hofstede's masculinity-femininity dimension?
a) Reliance on group decisions versus reliance on individual decisions.
b) Everyone should have equal rights versus the ones in control should be entitled to privilege.

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c) Willingness to take risks versus concern with security in life.
d) Assertiveness and material concerns versus concerns for human relationships and feelings.
e) Time is free versus time is money.

Ans: D
Difficulty: Moderate
Ref: Culture and Global Diversity

157. Hofstede defined his time orientation dimension of national culture as _____.
a) the degree to which a society tolerates risk and situational uncertainties
b) the degree to which a society accepts a hierarchical or unequal distribution of power in organizations
c) the degree to which a society relies on individual accomplishments and self-interests versus the collective accomplishments and interests of the group
d) the degree to which a society emphasizes assertiveness and material concerns versus greater concerns for human relationships and feelings
e) the degree to which a society emphasizes short-term considerations versus greater concern for the future

Ans: E
Difficulty: Hard
Ref: Culture and Global Diversity

158. _____ is the study of how management practices systematically differ among countries and/or cultures.
a) International management
b) Comparative management
c) International business
d) Theory Z
e) Political-risk analysis

Ans: B
Difficulty: Easy
Ref: Global Management Learning

159. One of the concerns of multinational corporations is whether U.S. management practices and theories are appropriate for use in foreign countries. Hofstede's research in this area indicates that American theories _____.
a) are universally applicable since they are good theories
b) are only valid within the United States
c) work best within American-based multinational corporations
d) are still ethnocentric
e) work best within English-speaking countries

Ans: D
Difficulty: Moderate
Ref: Global Management Learning

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160. The text discusses characteristics of the Japanese approach to management. Which of the following is NOT one of these characteristics?
a) Japanese workers value group decision-making and problem solving.
b) Japanese managers emphasize rapid promotions and career advancement.
c) Japanese managers have a high-power distance.
d) Japanese managers have a long-term orientation.
e) None of the above

Ans: B
Difficulty: Moderate
Ref: Global Management Learning

161. The GLOBE project and Hofstede's research directly share which of the following cultural dimensions?
a) Assertiveness and Performance Orientation
b) Power Distance and Uncertainty Avoidance
c) Future Orientation and Performance Orientation
d) Future Orientation and Assertiveness
e) Power Distance and Performance Orientation

Ans: B
Difficulty: Moderate
Ref: Global Management Learning

162. In the GLOBE Study, House found that_____.
a) cultural practices were less similar within a cluster than across clusters
b) power distance was higher in Eastern Europe and lower in Asia
c) uncertainty avoidance was higher in Germanic Europe and lower in the Middle East
d) gender equality is defined as the degree to which cultures emphasize differences between men and women in society
e) Anglo cultures tend to score high on performance orientation while Asians are low on this dimension

Ans: C
Difficulty: Hard
Ref: Global Management Learning

163. Humane orientation_____.
a) is the degree to which members of a culture can delay gratification, look ahead and plan for the future
b) is the degree to which people take pride in their families, small groups and being members of an organization
c) is defined as the degree to people in a culture emphasize fairness, altruism and caring
d) is the degree of emphasis that a culture places on improvement, achievement and excellence
e) is defined as the degree to which cultures emphasize differences between men and women in society

Ans: C
Difficulty: Moderate
Ref: Global Management Learning

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164. Performance orientation_____.
a) is the degree to which members of a culture can delay gratification, look ahead and plan for the future
b) is the degree to which people take pride in their families, small groups and being members of an organization
c) is defined as the degree to people in a culture emphasize fairness, altruism and caring
d) is the degree of emphasis that a culture places on improvement, achievement and excellence
e) is defined as the degree to which cultures emphasize differences between men and women in society

Ans: C
Difficulty: Moderate
Ref: Global Management Learning

165. In-Group Collectivism _____.
a) is the degree to which members of a culture can delay gratification, look ahead and plan for the future
b) is the degree to which people take pride in their families, small groups and being members of an organization
c) is defined as the degree to people in a culture emphasize fairness, altruism and caring
d) is the degree of emphasis that a culture places on improvement, achievement and excellence
e) is defined as the degree to which cultures emphasize differences between men and women in society

Ans: C
Difficulty: Moderate
Ref: Global Management Learning

166. Managers with _____believe the best approaches are found at home and tightly control foreign operations.
a) Geocentric attitudes
b) Ethnocentric attitudes
c) Polycentric attitudes
d) Monocentric attitudes
e) None of the above

Ans: B
Difficulty: Moderate
Ref: Global Management Learning

167. Managers with _____are high in cultural intelligence and take a collaborative approach to global management practices.
a) Geocentric attitudes
b) Ethnocentric attitudes
c) Polycentric attitudes
d) Monocentric attitudes
e) None of the above

Ans: A
Difficulty: Moderate
Ref: Global Management Learning

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168. The goal of comparative management studies is to_____.
a) increase cultural diversity
b) stimulate creative thinking about the practices used by managers in different cultures
c) promote Ethnocentric attitudes
d) explain why managers in one culture are more effective than in another culture
e) identify universal management practices and principles

Ans: B
Difficulty: Moderate
Ref: Global Management Learning

169. Companies that believe in _____ realize that businesses around the world have much to share with and learn from on another.
a) transnational knowledge positioning
b) global management learning
c) expatriate knowledge sharing
d) international trade
e) ethnocentrism

Ans: B
Difficulty: Easy
Ref: Global Management Learning

Essay Questions

170. Identify and describe the key regional alliances in the global economy referred to in the text.

Ans: The key regional alliances of the 21st century global economy are: the European Union, the Americas, the Asia Pacific Economic Cooperation and the Association of Southeast Asian Nations, and Africa (Southern Africa Development Community). The European Union (EU) is a group of European countries that agreed to support mutual economic growth by removing barriers that previously limited cross-border trade and business development. Members of the EU are linked through favourable trade and customs laws to facilitate the free flow of workers, goods and services, and investments across national boundaries. In the Americas, the North American Free Trade Agreement (NAFTA) largely frees the flow of goods and services, workers, and investments among Canada, Mexico, and the United States. APEC goal is to promote free trade and investment in the Pacific region. It has 21 members, including Canada, the United States, and Australia. APEC works to raise living standards and education levels through sustainable economic growth. The 10 nations of Southeast Asia belong to the Association of Southeast Asian Nations (ASEAN) with a stated goal of promoting economic growth and progress. The South African Development Community (SADC) links the countries of southern Africa in trade and economic development efforts. Its objectives include harmonizing and rationalizing strategies for sustainable development among member countries.
Difficulty: Moderate
Ref: Management and Globalization and Global Businesses

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171. Briefly describe the different forms of global business that an organization can pursue.

Ans: An international business conducts for-profit transactions of goods and/or services across national boundaries. These transactions can be conducted through the following forms:

- Global sourcing involves purchasing materials, manufacturing components, or business services from around the world.
- Exporting involves selling locally-made products in foreign markets.
- Importing involves buying foreign-made products and selling them in domestic markets.
- A licensing agreement occurs when a foreign firm pays a fee for the right to make or sell another company's products in a specified region.
- Franchising is a form of licensing in which the foreign firm buys the rights to use another firm's name and operating methods in its home country.
- Joint ventures are co-ownership arrangements that pool resources, share risks, and share control of business operations.
- A foreign subsidiary is a local operation completely owned and controlled by a foreign firm.

Difficulty: Moderate
Ref: Management and Globalization

172. Describe the key dimensions of Geert Hofstede's framework for comparing national cultures. What are the implications of these cultural dimensions for international business?

Ans: Geert Hofstede identified five keys dimensions by which national cultures can be compared. These cultural dimensions are:

- Power distance — the degree to which a society accepts or rejects the unequal distribution of power among people in organizations and the institutions of society.
- Uncertainty avoidance — the degree to which a society is uncomfortable with risk, change, and situational uncertainty, versus having tolerance for them.
- Individualism-collectivism — the degree to which a society emphasizes individual accomplishments and self-interests, versus the collective accomplishments and interests of groups.
- Masculinity-femininity — the degree to which a society values assertiveness and material success, versus feelings and concern for relationships.
- Time orientation — the degree to which a society emphasizes short-term considerations versus greater concern for the future.

People who grow up in and live in a particular culture are influenced by that culture's orientation toward each of these dimensions. Different behaviour will result from different orientations toward these cultural dimensions.
Difficulty: Hard
Ref: Culture and Global Diversity

173. Describe the dimensions that resulted from the GLOBE research project.

Ans: Power distance — the degree to which a society accepts or rejects the unequal distribution of power among people in organizations and the institutions of society.

- Uncertainty avoidance — the degree to which a society is uncomfortable with risk, change, and situational uncertainty, versus having tolerance for them.
- Future Orientation is the degree to which members of a culture can delay gratification, look ahead and plan for the future.
- Ingroup Collectivism is the degree to which people take pride in their families, small groups and being members of an organization.

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- Humanitarian Orientation is defined as the degree to people in a culture emphasize fairness, altruism and caring
- Performance Orientation is the degree of emphasis that a culture places on improvement, achievement and excellence
- Gender egalitarianism is defined as the degree to which cultures emphasize differences between men and women in society.
- Assertiveness is the extent to which a culture emphasizes confrontational and competitive behaviour
- Institutional Collectivism is the extent to which the organizations of a society emphasize and reward group actions and accomplishments

Difficulty: Moderate
Ref: Global Management Learning

174. Are management theories universal?

Ans: Geert Hofstede argues that management theories do not apply universally across nations and cultures; he worries that many theories are ethnocentric and fail to take into account cultural differences. For instance, America's emphasis on participation in leadership reflects the culture's moderate stance on power distance; other countries with higher scores (e.g., France) are less participative. Hofstede also argues that U.S.-based motivation theories are value laden, with an emphasis on individual performance. He argues that this is consistent with the individualism found in Anglo-American countries. However, where values are more collectivistic, the theories may be less appropriate. The focus on individual job enrichment in the United States as opposed to the focus on groups of workers as in Europe is also consistent with individualistic versus collectivistic differences. Similarly, while some Japanese practices can be applied successfully abroad, others have met with difficulties. Specific Japanese practices that vary with respect to degree of transferability include: lifetime employment, job rotation and broad career experience, information sharing, group decisions, and quality emphasis. It is important to identify both the potential merits of management practices found in other countries and the ways in which cultural variables may affect their success or failure when applied elsewhere.
Difficulty: Moderate
Ref: Global Management Learning

175. Name and describe the three global management attitudes.

Ans: Ethnocentric attitudes - Ethnocentric managers tend to believe that the best approaches are always found at home. They often fail to respect other practices and people. They are likely to keep tight control over foreign operations and find little to learn from their international counterparts.
Polycentric attitudes - Polycentric managers tend to respect the knowledge and practices of locals and allow them greater freedoms to run business operations in their countries. Yet they often fail to encourage transfers of knowledge and experience between local operations and the parent and from one foreign location to the next.
Geocentric attitudes - Geocentric managers place a high value on cultural intelligence. They tend toward collaborative management approaches that link them with colleagues around the world in vast learning networks rich in ideas, information sharing and performance opportunities. Their management style is to find, respect and support the best practices and the best people wherever in the world they may be located.
Difficulty: Moderate
Ref: Global Management Learning

176. Legal, political, and ethical challenges to global business can be found in many arenas. What are the challenges to business that emerge from the actions of a host country and those that emerge from the actions of a home country?

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Ans: Local politics, laws, and ethical standards all play a crucial role in global business. Even the best corporate strategies or marketing plans can be sidetracked by unexpected legal or political impediments that serve to increase the costs or risks associated with doing business in a foreign country. It is therefore important for those involved in global enterprise of any sort - even if they never leave their home country - to understand the legal, political, and ethical environment of global business.
For example, U.S.-based Intel manufactures semiconductors in China and Costa Rica, among other places. Its home country is therefore the United States, while China and Costa Rica are host countries to its global operations. To succeed, Intel must meet government requirements and local customs in all three countries.
The potential host-country costs include complaints that MNCs extract excessive profits, dominate the local economy, interfere with the local government, do not respect local customs and laws, fail to help domestic firms develop, hire the most talented of local personnel, and fail to transfer their most advanced technologies.
Whenever a domestic employer outsources jobs, or cuts back or closes a domestic operation in order to shift work to lower-cost international destinations, the loss of local jobs is controversial. Corporate decision-makers are likely to be engaged by government and community leaders in critical debates about a firm's domestic social responsibilities.
Other home-country criticisms of MNCs include complaints about sending capital investments abroad and engaging in corrupt practices in foreign settings
Difficulty: Moderate
Ref: Global Businesses

177. How do global corporations view sustainable development and provide an example of a global corporation fulfilling its commitments to sustainable development?

Ans: Sustainable development is generally agreed to mean 'meeting the needs of the present without compromising the ability of future generations to meet their own needs.'
Corporate responsibility standards, norms, principles and guidelines aim to provide generally accepted reference points for improving aspects of social and environmental performance. Although mostly voluntary, some are emerging as de facto industry standards that provide the desired legitimacy, consistency and comparability required by business and its stakeholders.
For a firm to fulfill a commitment to sustainable development, its executives must lead in ways that demonstrate stewardship in protecting the natural environment and preserving its resources for the future. Many international standards and networks started as attempts to help guide organizations on how to improve the consistency of their products, reduce their impact on the environment (ISO 14000) or to generally improve their environmental and social management. These programs are voluntary and involve a range of activities, from a simple commitment to investigate sustainability issues to the adherence to strict protocols for environmental and social standards.
Sustainability is now a regular focus at the annual World Economic Forum at Davos, where many of the world's most powerful business and political leaders gather annually to reflect on the key challenges of the year ahead.
General Electric (GE) is an example of a company fulfilling its commitments on sustainable development. In 2010, GE earned the top rank in Global 100 list of the most sustainable large corporations in the world at the World Economic Forum in Davos. This was due to its industry leading ratio of sales to waste, strong board gender diversity, and a doubling of its carbon productivity from 2006 to 2008, reducing its total carbon emissions while increasing sales from $150 billion to $181 billion.
Philips Electronics is another fine example of a company that appears to have an advanced-stage sustainability strategy. Philips Electronics has developed special medical vans that allow urban doctors to reach remote villages to diagnose and treat patients via satellite. It has also developed low-cost water-purification technology and a smokeless wood-burning stove that could reduce the 1.6 million deaths annually worldwide from pulmonary diseases linked to cooking smoke. Philips is also abandoning its leading incandescent lighting business in favour of more energy-efficient compact fluorescent, and eventually LED lighting.
Difficulty: Moderate
Ref: Global Businesses

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Chapter 4: Ethics, Social Responsibility, and Sustainability

True/False

1. The six pillars of character include trustworthiness, respect, responsibility, fairness, caring, and citizenship.

Ans: True
Difficulty: Easy
Ref: Learning About Yourself

2. Ethics reflect(s) the code of moral principles that sets standards as to what is "good" versus "bad" or "right" versus "wrong" in people's conduct, and thereby guides their moral choices and behaviour.

Ans: True
Difficulty: Moderate
Ref: What Is Ethical Behaviour?

3. Ethical behaviour refers to what is considered to be "good" or "right" behaviour as opposed to what is "bad" or "wrong" behaviour in the context of the governing moral code.

Ans: True
Difficulty: Easy
Ref: What Is Ethical Behaviour?

Laws, Values, and Ethical Behaviour

4. Living up to the "letter of the law" is a sufficient guarantee that a person's actions are truly ethical.

Ans: False
Difficulty: Moderate
Ref: What Is Ethical Behaviour?

5. Most ethical problems in the workplace arise when people are asked to do or are about to do something that violates their personal beliefs.

Ans: True
Difficulty: Moderate
Ref: What Is Ethical Behaviour?

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

Ans: True
Difficulty: Moderate
Ref: What Is Ethical Behaviour?

7. Variation in values among people has little, if any, impact on differences in people's interpretations of behaviour as being ethical or unethical in a given situation.

Ans: False
Difficulty: Moderate
Ref: What Is Ethical Behaviour?

8. Terminal values are preferences regarding the means for accomplishing desired ends.

Ans: False
Difficulty: Easy
Ref: What Is Ethical Behaviour?

9. Instrumental values are preferences regarding desired ends.

Ans: False
Difficulty: Easy
Ref: What Is Ethical Behaviour?

10. Self-respect, freedom, happiness, inner harmony, and family security are examples of terminal values; and courage, imagination, ambition, self-discipline, and honesty are examples of instrumental values.

Ans: True
Difficulty: Hard
Ref: What Is Ethical Behaviour?

Alternative Views of Ethics

11. The utilitarian view of ethical behaviour focuses on treating people impartially and fairly in accordance with guiding rules and standards.

Ans: False
Difficulty: Moderate

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Ref: What Is Ethical Behaviour?

12. Results-oriented performance criteria are consistent with the utilitarian view of ethics.

Ans: True
Difficulty: Moderate
Ref: What Is Ethical Behaviour?

13. The individualism view of ethical behaviour focuses on the pursuit of long-term self-interests.

Ans: True
Difficulty: Easy
Ref: What Is Ethical Behaviour?

14. The individualism view is supposed to promote personal enrichment but in business practice it may actually result in organizational enrichment.

Ans: False
Difficulty: Hard
Ref: What Is Ethical Behaviour?

15. An individual whose ethical behaviour protects and respects the fundamental rights of all human beings is practicing the moral-rights view of ethics.

Ans: True
Difficulty: Moderate
Ref: What Is Ethical Behaviour?

16. In contemporary organizations, the moral-rights view concerns the protection of employees with respect to their rights to privacy, due process, free speech, free consent, health and safety, and freedom of conscience.

Ans: True
Difficulty: Hard
Ref: What Is Ethical Behaviour?

17. The justice view of ethical behaviour focuses on treating people impartially and fairly according to guiding rules and standards.

Ans: True
Difficulty: Easy
Ref: What Is Ethical Behaviour?

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18. In doing performance appraisals for all of her subordinates, a manager faithfully adheres to the company's established evaluation procedures for every employee. This manager is acting on the basis of the justice view of ethics.

Ans: True
Difficulty: Moderate
Ref: What Is Ethical Behaviour?

19. The concept of procedural justice is concerned that policies and rules are fairly applied.

Ans: True
Difficulty: Easy
Ref: What Is Ethical Behaviour?

20. The concept of distributive justice concerns the degree to which outcomes are allocated without regard to ethnicity, race, gender, age, or other individual differences criteria.

Ans: True
Difficulty: Moderate
Ref: What Is Ethical Behaviour?

21. Interactional justice is the degree to which policies and rules are fairly administered in an organization.

Ans: False
Difficulty: Easy
Ref: What Is Ethical Behaviour?

Cultural Issues in Ethical Behaviour

22. "When in Rome, do as the Romans do" is a classic example of the ethical perspective of cultural relativism.

Ans: True
Difficulty: Moderate
Ref: What Is Ethical Behaviour?

23. A person who adopts the perspective of cultural relativism assumes that ethical standards should apply absolutely across cultures and national boundaries.

Ans: False
Difficulty: Moderate

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Ref: What Is Ethical Behaviour?

24. A manager who operates in a foreign country with the premise that ethical behaviour is always determined by its cultural context is adopting a perspective of universalism.

Ans: False
Difficulty: Moderate
Ref: What Is Ethical Behaviour?

25. Core values or "hyper-norms" that transcend cultural boundaries focus on human dignity, basic rights, and good citizenship.

Ans: True
Difficulty: Hard
Ref: What Is Ethical Behaviour?

26. Keeping a safe workplace; creating a corporate culture that values employees, customers, and suppliers; and producing safe products and services are universal core values that respect human dignity.

Ans: True
Difficulty: Moderate
Ref: What Is Ethical Behaviour?

Ethical Dilemmas

27. An ethical dilemma occurs when there is a situation that offers potential benefit or gain and is also unethical.
Ans: True
Difficulty: Easy
Ref: Ethics in the Workplace

28. When some action must be taken but there is not a clear "right" or "wrong" approach, a person is faced with an ethical dilemma.

Ans: True
Difficulty: Easy
Ref: Ethics in the Workplace

29. Ethical dilemmas frequently involve conflicts of interest, issues of customer confidence, or use of organizational resources, but seldom concern discrimination or sexual harassment.

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Ans: False
Difficulty: Moderate
Ref: Ethics in the Workplace

30. A survey of Harvard Business Review subscribers revealed that many ethical dilemmas involve conflicts with superiors, subordinates, and customers.

Ans: True
Difficulty: Moderate
Ref: Ethics in the Workplace

31. The results of a Harvard Business Review survey indicated that the ethical issue most frequently encountered by the magazine's subscribers involved dishonesty in communication with subordinates.

Ans: False
Difficulty: Easy
Ref: Ethics in the Workplace

Ethical Decision-Making

32. A key issue in dealing with whether a situation is ethical or not is the risk of public disclosure.

Ans: True
Difficulty: Moderate
Ref: Ethics in the Workplace

33. Ethics intensity or issue intensity indicates the degree to which an issue or situation is recognized to pose important ethical challenges.

Ans: True
Difficulty: Easy
Ref: Ethics in the Workplace

34. The conditions that raise the ethics intensity of a situation include the magnitude, probability, and immediacy of any potential harm, the proximity and concentration of the effects, and social consensus.

Ans: True
Difficulty: Moderate
Ref: Ethics in the Workplace

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35. An ethical framework is a personal rule or strategy for making ethical decisions.

Ans: True
Difficulty: Easy
Ref: Ethics in the Workplace

36. As described by Lawrence Kohlberg there are three main phases in moral development; preconventional, conventional, and post conventional or principled.

Ans: True
Difficulty: Moderate
Ref: Ethics in the Workplace

37. Environmental factors that affect the ethical standards of an organization and its employees include social norms and values, competition within an industry, and governmental laws and regulations.

Ans: True
Difficulty: Moderate
Ref: Ethics in the Workplace

38. Factors influencing ethical managerial behaviour include the person, the employing organization, and the external environment.

Ans: True
Difficulty: Easy
Ref: Ethics in the Workplace

39. Personal factors such religious values and family influences have little effect on managerial ethics, whereas personal standards and needs have a great deal of impact on managerial ethics.

Ans: False
Difficulty: Moderate
Ref: Ethics in the Workplace

Rationalizations for unethical behaviour

40. Making sure that everyone knows wrongdoing will be punished whenever it is discovered is an appropriate method for dealing with the rationalization that "no one will ever know about the unethical behaviour."

Ans: True
Difficulty: Hard
Ref: Ethics in the Workplace

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41. "It's not really illegal," "it's in everyone's best interests," "no one will ever know about it," and "the organization will protect me" are four common rationalizations for unethical conduct.

Ans: True
Difficulty: Moderate
Ref: Ethics in the Workplace

Personal Factors and Moral Development

42. The virtues of honesty, fairness, integrity, and self-respect provide ethical frameworks that help people make correct decisions even when circumstances are ambiguous and situational pressures are difficult.

Ans: False
Difficulty: Moderate
Ref: Ethics in the Workplace

43. The behaviour of supervisors and the expectations of peers are organizational factors that influence ethical behaviour.

Ans: True
Difficulty: Moderate
Ref: Ethics in the Workplace

External Environment and Industry Norms

44. The Sarbanes-Oxley Act created the mechanism for governmental supervision of the liquidation of Enron and Arthur Andersen.

Ans: False
Difficulty: Hard
Ref: Ethics in the Workplace

Whistleblower Protection

45. A whistleblower is a person who exposes the misdeeds of others in an attempt to divert attention from his or her own unethical behaviour.

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Ans: False
Difficulty: Easy
Ref: Maintaining High Ethical Standards

46. Organizational barriers to whistle blowing include a strict chain of command, strong work group identities, and ambiguous priorities.

Ans: True
Difficulty: Moderate
Ref: Maintaining High Ethical Standards

47. Impaired career progress and various retaliatory actions, up to and including termination, are among the potential risks faced by people who act as whistleblowers.

Ans: True
Difficulty: Hard
Ref: Maintaining High Ethical Standards

Ethics Training

48. Ethics training is a structured program that is designed to help people understand ethical aspects of decision making and to incorporate high ethical standards into daily behaviour.

Ans: True
Difficulty: Easy
Ref: Maintaining High Ethical Standards

49. Exposure to a multi-step process for dealing with ethical dilemmas is an appropriate component of an ethics training program.

Ans: True
Difficulty: Moderate
Ref: Maintaining High Ethical Standards

Codes of ethical conduct

50. A code of ethics is a formal statement of an organization's values and ethical principles that provide guidelines on how to behave in situations susceptible to ethical dilemmas.

Ans: True

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Ref: Maintaining High Ethical Standards

51. Codes of ethics may identify expected behaviours in terms of general organizational citizenship, the avoidance of illegal or improper employee behaviour, and customer relations.

Ans: True
Difficulty: Moderate
Ref: Maintaining High Ethical Standards

52. Codes of ethical conduct can guarantee ethical conduct.

Ans: False
Difficulty: Moderate
Ref: Maintaining High Ethical Standards

53. Formal codes of ethics are usually concerned with expressing how employees may be expected to behave in terms of customer-supplier relationships, political contributions, confidentiality of corporate information, and response to bribes and kickbacks.

Ans: True
Difficulty: Moderate
Ref: Maintaining High Ethical Standards

Ethical Role Models

54. Only top management needs to act as ethical role models.

Ans: False
Difficulty: Easy
Ref: Maintaining High Ethical Standards

55. Unethical behaviour seldom occurs as a result of excessive pressure by management for the accomplishment of very difficult or complex goals.

Ans: False
Difficulty: Moderate
Ref: Maintaining High Ethical Standards

56. To set the proper ethical tone for the organization, top management should communicate expectations for ethical behaviour throughout the organization, reinforce ethical behaviour, and be role models of ethical behaviour.

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Ans: True
Difficulty: Moderate
Ref: Maintaining High Ethical Standards

Moral Management

57. An immoral manager is one who fails to consider or disregards the ethical implications of his or her behaviour.

Ans: False
Difficulty: Easy
Ref: Maintaining High Ethical Standards

58. A moral manager is one considers the ethical implications of his or her behaviour and actions.

Ans: True
Difficulty: Easy
Ref: Maintaining High Ethical Standards

59. An amoral manager is one who fails to consider or disregards the ethical implications of his or her behaviour.

Ans: True
Difficulty: Moderate
Ref: Maintaining High Ethical Standards

60. Ethics Mindfulness is a state of awareness that causes a person to behave in an ethical manner from one situation to another.

Ans: True
Difficulty: Moderate
Ref: Maintaining High Ethical Standards

61. Moral leaders are more influential than either amoral or immoral leaders.

Ans: False
Difficulty: Moderate
Ref: Maintaining High Ethical Standards

62. An immoral manager is one who makes a conscious decision to behave in an unethical manner.

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Ans: True
Difficulty: Easy
Ref: Maintaining High Ethical Standards

63. Moral managers are leaders who possess ethics mindfulness.

Ans: True
Difficulty: Easy
Ref: Maintaining High Ethical Standards

64. Amoral and immoral leaders can be just as influential as moral leaders.

Ans: True
Difficulty: Moderate
Ref: Maintaining High Ethical Standards

Social Entrepreneurship

65. The mission of social entrepreneurship is to solve pressing social problems.

Ans: True
Difficulty: Easy
Ref: Maintaining High Ethical Standards

66. Housing and job training for the homeless, bringing technology to poor families, improving literacy among disadvantaged youth, and making small loans to start minority-owned businesses are all examples of social entrepreneurship.

Ans: True
Difficulty: Moderate
Ref: Maintaining High Ethical Standards

67. Corporate social responsibility is an organization's obligation to act in ways that serve its own interests as well as the interests of society at large.

Ans: True
Difficulty: Easy
Ref: Social Responsibility and Governance

Stakeholder Issues and analysis

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68. Organizational stakeholders are the persons, groups, and other organizations directly affected by the behaviour of an organization and holding a stake in its performance.

Ans: True
Difficulty: Easy
Ref: Social Responsibility and Governance

69. From the perspective of a stakeholder model, any organization has a social responsibility to serve the interests of its many stakeholders.

Ans: True
Difficulty: Easy
Ref: Social Responsibility and Governance

Perspectives on Corporate Social Responsibility

70. The classical view of social responsibility maintains that the organization must be concerned with the broader social welfare and not just with corporate profits.

Ans: False
Difficulty: Moderate
Ref: Social Responsibility and Governance

71. Advocates of corporate social responsibility assert that businesses have the resources and obligation to act in socially responsible ways, and that it decreases the need for restrictive government regulation, improves the public image of business, and may improve or determine long-run profits.

Ans: True
Difficulty: Hard
Ref: Social Responsibility and Governance

72. According to its opponents, corporate social responsibility will raise business costs, reduce business profits, dilute the purpose of business, and give business too much social power.

Ans: True
Difficulty: Hard
Ref: Social Responsibility and Governance

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73. The socioeconomic view of social responsibility holds that management's only responsibility in managing a business is to maximize profits.

Ans: False
Difficulty: Moderate
Ref: Social Responsibility and Governance

Evaluating Corporate Social Performance

74. A social responsibility audit is a systematic assessment and reporting of an organization's accomplishments in various areas of corporate social responsibility.

Ans: True
Difficulty: Easy
Ref: Social Responsibility and Governance

75. When corporate social performance focuses on acting to create positive impact, the company's actions are driven by compliance.

Ans: False
Difficulty: Moderate
Ref: Social Responsibility and Governance

76. A firm is meeting its economic responsibility when it earns a profit by providing goods and services that are desired by customers.

Ans: True
Difficulty: Moderate
Ref: Social Responsibility and Governance

77. A firm is meeting its legal responsibility when it voluntarily conforms to legal as well as broader values and moral expectations of society.

Ans: False
Difficulty: Moderate
Ref: Social Responsibility and Governance

78. An organization is meeting its ethical responsibility when it is in compliance with the law and requirements of various external regulations.

Ans: False
Difficulty: Moderate

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Ref: Social Responsibility and Governance

79. Discretionary responsibility occurs when an organization voluntarily moves beyond basic economic, legal, and ethical expectations to provide leadership in advancing the well-being of individuals, communities, and society as a whole.

Ans: True
Difficulty: Hard
Ref: Social Responsibility and Governance

80. The obstructionist, defensive, accommodative, and proactive strategies reflect different degrees of commitment by organizations to the economic, legal, ethical, and discretionary criteria for evaluating social performance.

Ans: True
Difficulty: Moderate
Ref: Social Responsibility and Governance

81. The obstructionist strategy involves a corporate social responsibility commitment that reflects mainly economic concerns and meets the organization's economic responsibility.

Ans: True
Difficulty: Easy
Ref: Social Responsibility and Governance

82. The defensive strategy involves a corporate social responsibility commitment that meets economic and legal responsibilities, and seeks to protect the organization by doing the minimum legally required to satisfy expectations.

Ans: True
Difficulty: Moderate
Ref: Social Responsibility and Governance

83. An organization that is following a proactive social responsibility strategy would both take preventive action to avoid adverse social impacts from company activities and take a leadership role in identifying and responding to emerging social issues, thereby satisfying economic, legal, ethical, and discretionary responsibilities.

Ans: True
Difficulty: Moderate
Ref: Social Responsibility and Governance

Directions in Corporate Governance

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84. Corporate governance is defined as the way that governments regulate corporations.

Ans: False
Difficulty: Easy
Ref: Social Responsibility and Governance

85. Corporate governance typically involves hiring, firing, and compensating the chief executive officer (CEO); assessing strategy; and verifying financial records.

Ans: True
Difficulty: Easy
Ref: Social Responsibility and Governance

86. Corporate governance is defined as the oversight of the actions and decisions of top management of an organization by the board of directors.

Ans: True
Difficulty: Easy
Ref: Social Responsibility and Governance

87. The effectiveness of corporate governance has been criticized because ethical failures and scandals have raised concerns about executives' commitment to corporate social responsibility.

Ans: True
Difficulty: Moderate
Ref: Social Responsibility and Governance

88. When corporate boards of directors are weak or unethical the U.S. government sometimes steps in to try to correct things for the future.

Ans: True
Difficulty: Easy
Ref: Social Responsibility and Governance

89. Corporate governance is the sole responsibility of top management and the boards of directors in large corporations.

Ans: False
Difficulty: Moderate
Ref: Social Responsibility and Governance

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90. The reality facing managers in contemporary organizations is that they are responsible for attaining high performance along with high ethical standards and social responsibility.

Ans: True
Difficulty: Moderate
Ref: Social Responsibility and Governance

Multiple Choice

91. _____ reflect(s) the code of moral principles that sets standards as to what is "good" versus "bad" or "right" versus "wrong" in people's conduct, and thereby guides their moral choices and behaviour.
a) Group norms.
b) Legal behaviour.
c) Ethics.
d) Civil law.
e) Humanistic behaviour.

Ans: C
Difficulty: Easy
Ref: What Is Ethical Behaviour?

92. The Six Pillars of Character identified by the Josephson Institute of Ethics are:
a) Trustworthiness, respect, honour, responsibility, planning, caring
b) Trustworthiness, respect, fairness, responsibility, citizenship, caring
c) Trustworthiness, respect, decisiveness, intelligence, planning, caring
d) Trustworthiness, honour, instinct, responsibility, planning, caring
e) None of the above

Ans: B
Difficulty: Moderate
Ref: Learning About Yourself

93. Which statement accurately describes the relationship between law and ethics?
a) Even though an action is legal, it may not be ethical.
b) An action that is not illegal is without question an ethical action.
c) Living up to the "letter of the law" is a sufficient guarantee that a person's actions are truly ethical.
d) A and C.
e) B and C.

Ans: A
Difficulty: Moderate
Ref: What Is Ethical Behaviour?

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94. Most ethical problems in the workplace arise when people are asked to do or are about to do something that _____.
a) is illegal.
b) goes against work group standards.
c) violates their personal beliefs.
d) violates the organization's policies.
e) violates social norms.

Ans: C
Difficulty: Moderate
Ref: What Is Ethical Behaviour?

95. The underlying beliefs and attitudes that help determine behaviour are referred to as _____.
a) Values.
b) Ethics.
c) Morals.
d) Personal standards.
e) Social norms.

Ans: A
Difficulty: Easy
Ref: What Is Ethical Behaviour?

96. _____ are preferences regarding desired ends.
a) Ethical values.
b) Utilitarian values.
c) Instrumental values.
d) Social values.
e) Terminal values.

Ans: E
Difficulty: Easy
Ref: What Is Ethical Behaviour?

97. Self-respect, freedom, happiness, inner harmony, and family security are examples of _____ that managers consider to be important.
a) Moral values.
b) Socialistic values.
c) Terminal values.
d) Instrumental values.
e) Bureaucratic values.

Ans: C
Difficulty: Moderate
Ref: What Is Ethical Behaviour?

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98. _____ are preferences regarding the means for accomplishing desired ends.
a) Ethical values.
b) Utilitarian values.
c) Terminal values.
d) Instrumental values.
e) Social values.

Ans: D
Difficulty: Easy
Ref: What Is Ethical Behaviour?

99. Courage, imagination, ambition, self-discipline, and honesty are examples of _____ that managers consider to be important.
a) Instrumental values.
b) Moral values.
c) Socialistic values.
d) Terminal values.
e) Bureaucratic values

Ans: A
Difficulty: Moderate
Ref: What Is Ethical Behaviour?

100. The utilitarian view of ethical behaviour is that which _____.
a) Provides the greatest good for the greatest number of people.
b) Respects and protects the individual's fundamental rights.
c) Ensures that people are treated impartially and fairly.
d) Advances the pursuit of long-term self-interests.
e) Ensures the resolution of personal moral dilemmas.

Ans: A
Difficulty: Easy
Ref: What Is Ethical Behaviour?

101. Using results-oriented performance criteria to judge what is best for most people in a business organization is an application of which view of ethical behaviour?
a) The utilitarian view.
b) The individualism view.
c) The collectivism view.
d) The moral-rights view.
e) The justice view.

Ans: A
Difficulty: Hard
Ref: What Is Ethical Behaviour?

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102. The individualism view of ethical behaviour is that which _____.
a) Provides the greatest good for the greatest number of people.
b) Respects and protects the individual's fundamental rights.
c) Ensures that people are treated impartially and fairly.
d) Advances the pursuit of long-term self-interests.
e) Ensures the resolution of personal moral dilemmas.

Ans: D
Difficulty: Easy
Ref: What Is Ethical Behaviour?

103. The main emphasis of the individualism view of ethical behaviour is _____.
a) Assessing the implications of a decision in terms of its long-term personal consequences.
b) Promoting honesty and integrity.
c) Ensuring that people's rights are protected and respected.
d) Evaluating a decision on the basis of its impartiality and fairness.
e) Ensuring that the greatest number of people benefit to the greatest extent possible.

Ans: A
Difficulty: Moderate
Ref: What Is Ethical Behaviour?

104. The main emphasis of the moral-rights view of ethical behaviour is _____.
a) Assessing the implications of a decision in terms of its long-term personal consequences.
b) Promoting honesty and integrity.
c) Ensuring that people's rights are protected and respected.
d) Evaluating a decision on the basis of its impartiality and fairness.
e) Ensuring that the greatest number of people benefit to the greatest extent possible.

Ans: C
Difficulty: Moderate
Ref: What Is Ethical Behaviour?

105. Suppose that a professor's main concern in grading term papers is to evaluate all papers and assign grades fairly and objectively in light of the requirements and grading scale contained in the course syllabus. From an ethics perspective, this is an example of the professor adopting which of the following views?
a) The utilitarian view.
b) The individualism view.
c) The collectivism view.
d) The moral-rights view.
e) The justice view.

Ans: E
Difficulty: Hard
Ref: What Is Ethical Behaviour?

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106. In contemporary organizations, the _____ concerns the protection of employees with respect to their rights to privacy, due process, free speech, free consent, health and safety, and freedom of conscience.
a) utilitarian view.
b) individualism view.
c) collectivism view.
d) moral-rights view.
e) justice view.

Ans: D
Difficulty: Moderate
Ref: What Is Ethical Behaviour?

107. The individualism view is supposed to promote _____ but in business practice it may result in _____.
a) Personal enrichment … organizational enrichment.
b) Honesty and integrity … pushing the law to its outer limits.
c) Narcissism … procedural justice.
d) Running roughshod over other people to achieve personal objectives … honesty and integrity.
e) Pushing the law to its outer limits … interactional justice.

Ans: B
Difficulty: Hard
Ref: What Is Ethical Behaviour?

108. The main emphasis of the justice view of ethical behaviour is _____.
a) Assessing the implications of a decision in terms of its long-term personal consequences.
b) Promoting honesty and integrity.
c) Ensuring that people's rights are protected and respected.
d) Evaluating a decision on the basis of its impartiality and fairness.
e) Ensuring that the greatest number of people benefit to the greatest extent possible.

Ans: D
Difficulty: Easy
Ref: What Is Ethical Behaviour?

109. The degree to which policies and rules are fairly administered in an organization is known as _____.
a) Distributive justice.
b) Moral justice.
c) Ethical management.
d) Procedural justice.
e) Equitable policy.

Ans: D
Difficulty: Easy
Ref: What Is Ethical Behaviour?

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110. Not taking sexual harassment allegations against top management as seriously as allegations against lower-level supervisors is an example of violating the principle of _____.
a) Distributive justice.
b) Moral justice.
c) Ethical management.
d) Procedural justice.
e) Equitable policy.

Ans: D
Difficulty: Hard
Ref: What Is Ethical Behaviour?

111. The degree to which outcomes are allocated without regard to ethnicity, race, gender, age, or other individual differences criteria is the concept of _____.
a) Distributive justice.
b) Moral justice.
c) Ethical management.
d) Procedural justice.
e) Equitable policy.

Ans: A
Difficulty: Moderate
Ref: What Is Ethical Behaviour?

112. If a woman and a man have equivalent qualifications and experience and are given the same consideration for promotion, _____ is being applied.
a) Distributive justice.
b) Moral justice.
c) Ethical management.
d) Procedural justice.
e) Equitable policy.

Ans: A
Difficulty: Moderate
Ref: What Is Ethical Behaviour?

113. Michele, a bank officer, takes the time to fully explain to an applicant why he is being turned down for a loan and does her best to answer all the applicant's questions without being demeaning toward him in any way. Michele is reflecting the ethical concern of _____ in her behaviour.
a) Moral rights.
b) Distributive justice.
c) Interactional justice.
d) Utilitarianism.
e) Individualism.

Ans: C
Difficulty: Hard
Ref: What Is Ethical Behaviour?

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114. The degree to which other people are treated with dignity and respect deals with the issue of _____.
a) Utilitarianism.
b) Individualism.
c) Procedural justice.
d) Distributive justice.
e) Interactional justice.

Ans: E
Difficulty: Easy
Ref: What Is Ethical Behaviour?

115. A manager who operates in a foreign country with the premise that ethical behaviour is always determined by its cultural context is adopting a perspective of _____.
a) Cultural activism.
b) Cultural relativism.
c) Ethical imperialism.
d) Cultural socialism.
e) Ethical realism.

Ans: B
Difficulty: Moderate
Ref: What Is Ethical Behaviour?

116. An executive who assumes that ethical standards should apply absolutely across cultures and national boundaries is operating under which cultural perspective?
a) Cultural activism.
b) Cultural relativism.
c) Ethical universalism.
d) Cultural socialism.
e) Ethical realism.

Ans: C
Difficulty: Moderate
Ref: What Is Ethical Behaviour?

117. Critics charge that _____ is a form of _____, or the attempt to externally impose one's ethical standards on others.
a) Cultural relativism … cultural universalism.
b) Universalism … ethical imperialism.
c) Cultural relativism … ethical imperialism.
d) Ethical imperialism … cultural relativism.
e) Ethical imperialism … Romanesque law

Ans: B

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Difficulty: Hard
Ref: What Is Ethical Behaviour?

118. According to Thomas Donaldson, the core values, or "hyper-norms" that should transcend cultural boundaries focus on:
a) Human dignity, basic rights, and good citizenship
b) Human dignity, acceptance, social responsibility
c) Human dignity, cultural tolerance, social responsibility
d) Human dignity, basic rights, stakeholder responsibility
e) None of the above

Ans: A
Difficulty: Hard
Ref: What Is Ethical Behaviour?

119. Creating a corporate culture that values employees, customers, and suppliers is a core value that _____.
a) Respects basic rights.
b) Promotes good citizenship.
c) Enhances social concerns.
d) Respects human dignity.
e) Respects stakeholder interests.

Ans: D
Difficulty: Moderate
Ref: What Is Ethical Behaviour?

120. An ethical dilemma _____.
a) Is rare among managers.
b) Is resolved in most organizations by a formal code of ethics.
c) Always involves pressures to commit illegal acts.
d) Can usually be resolved without much personal stress.
e) Occurs when someone must choose between a course of action offering personal or organizational benefit or both, but for which there is no clear right or wrong decision.

Ans: E
Difficulty: Easy
Ref: Ethics in the Workplace

121. When some action must be taken but there is not a clear "right" or "wrong" approach, a person is faced with a(n) _____.
a) Moral pinch.
b) Ethical dilemma.
c) Managerial decision.
d) Situation to avoid.
e) Lawsuit.

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Ans: B
Difficulty: Easy
Ref: Ethics in the Workplace

122. Suppose that a manager denies a candidate a promotion or job appointment because of the candidate's race, religion, gender, age, or other criteria that are not relevant to the job. This manager may get caught in an ethical dilemma involving _____.
a) Discrimination.
b) Sexual harassment.
c) Conflicts of interest.
d) Customer confidence.
e) Organizational resources.

Ans: A
Difficulty: Hard
Ref: Ethics in the Workplace

123. If a manager makes a co-worker feel uncomfortable because of inappropriate comments or actions regarding sexuality, the manager may get caught in an ethical dilemma involving _____.
a) Discrimination.
b) Sexual harassment.
c) Conflicts of interest.
d) Customer confidence.
e) Organizational resources.

Ans: B
Difficulty: Moderate
Ref: Ethics in the Workplace

124. Ethical dilemmas in the form of _____ may occur where a manager takes a bribe or kickback or extraordinary gift in return for making a decision favourable to the gift giver.
a) Discrimination.
b) Sexual harassment.
c) Conflicts of interest.
d) Customer confidence.
e) Organizational resources.

Ans: C
Difficulty: Moderate
Ref: Ethics in the Workplace

125. Ethical dilemmas in the form of _____ may occur where a manager has privileged information regarding the activities of a customer and shares that information with another party.
a) Discrimination.
b) Sexual harassment.
c) Conflicts of interest.

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d) Customer confidence.
e) Organizational resources.

Ans: D
Difficulty: Moderate
Ref: Ethics in the Workplace

126. Managers who use official stationery or company e-mail accounts to communicate personal opinions or requests to community organizations are engaging in acts that may be considered to constitute an ethical dilemma regarding _____.
a) Discrimination.
b) Sexual harassment.
c) Conflicts of interest.
d) Customer confidence.
e) Organizational resources.

Ans: E
Difficulty: Hard
Ref: Ethics in the Workplace

127. In the checklist for dealing with ethical dilemmas, the text points to one step that is key to testing whether or not a decision may be ethical.
a) Recognize the ethical dilemma
b) Get the facts
c) Identify your options
d) Test each option
e) Double-check with the spotlight questions: "How would I feel if this decision were reported in the local paper?"

Ans: E
Difficulty: Hard
Ref: Ethics in the Workplace

128. When students on a university campus find cheating so commonplace that it becomes an accepted standard, you are dealing with an ethical issue in which context?
a) Situational
b) Personal
c) Organizational
d) Environmental
e) Cultural

Ans: A
Difficulty: Hard
Ref: Ethics in the Workplace

129. The concept of _____ or _____ describes the extent to which a situation is perceived to pose important ethics challenges.

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a) Cultural relativism, ethical universalism
b) Ethics intensity, issue intensity
c) Ethical imperialism, cultural relativism
d) Ethics intensity, cultural relativism
e) Ethics intensity, ethical universalism

Ans: B
Difficulty: Hard
Ref: Ethics in the Workplace

130. _____ are personal rules or strategies for ethical decision making.
a) Ethical frameworks.
b) Distributive justice.
c) Ethical dilemmas.
d) Ethical anchors.
e) Procedural justice.

Ans: A
Difficulty: Easy
Ref: Ethics in the Workplace

131. The virtues of honesty, fairness, integrity, and self-respect provide _____ that help people make correct decisions even when circumstances are ambiguous and situational pressures are difficult.
a) Procedural justice.
b) Ethical frameworks.
c) Distributive justice.
d) Ethical dilemmas.
e) Ethical anchors.

Ans: E
Difficulty: Moderate
Ref: Ethics in the Workplace

132. As described by Lawrence Kohlberg in the text, of the three main phases in moral development, the one that focuses on personal gain and avoiding punishment is the _____phase.
a) Post conventional
b) Conventional
c) Preconventional
d) Social
e) Personal

Ans: C
Difficulty: Moderate
Ref: Ethics in the Workplace

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133. In this phase of moral development, the individual is strongly driven by core principles and personal beliefs. This is the stage where a strong ethics framework is evident and the individual can be willing to break with norms and conventions, even laws, to make decisions consistent with personal principles.
a) Post conventional
b) Conventional
c) Preconventional
d) Personal
e) Social

Ans: A
Difficulty: Hard
Ref: Ethics in the Workplace

134. In a commencement address, Ivan Boesky said, "Greed is healthy. You can be greedy and still feel good about yourself." This is an example of the _____ factor influencing ethical behaviour.
a) Social.
b) Organization.
c) Person.
d) Corporate.
e) Environment.

Ans: C
Difficulty: Hard
Ref: Ethics in the Workplace

135. The behaviour of supervisors and the expectations of peers are _____ factors that influence ethical behaviour.
a) Social.
b) Organization.
c) Person.
d) Corporate.
e) Environment.

Ans: B
Difficulty: Moderate
Ref: Ethics in the Workplace

136. Anita Roddick's 11-point charter on ethical conduct at the Body Shop International is an example of the influence of _____ on ethical behaviour.
a) Religious values.
b) Government regulation.
c) Personal standards and needs.
d) Formal policies of the employing organization.
e) Behaviour of peers and supervisors.

Ans: D
Difficulty: Moderate
Ref: Ethics in the Workplace

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137. Former American Airlines president Robert Crandall contacted Howard Putnam, then president of now-defunct Braniff Airlines, to discuss raising airfares on their competing money-losing routes. The U.S. Justice Department alleged this was an illegal attempt to monopolize airline routes. The action by the Department of Justice is an example of the _____ factor influencing managers' ethical behaviour.
a) Person.
b) Organization.
c) Environment.
d) A and B.
e) B and C.

Ans: C
Difficulty: Hard
Ref: Ethics in the Workplace

138. The text identifies different ways of dealing with the four rationalizations that are commonly used to justify unethical behaviour. Which one of the following courses of action is NOT a recommended way for dealing with at least one of the four rationalizations?
a) When in doubt about a decision to be made or an action to be taken, don't do it.
b) If other people and other companies are doing it, you are justified in doing it too.
c) Look beyond the short-term results to address longer-term implications.
d) Make sure everyone knows that wrongdoing will be punished whenever it is discovered.
e) Organizational loyalty should not stand above the law and social morality.

Ans: B
Difficulty: Hard
Ref: Ethics in the Workplace

139. In submitting his expense report for a recent business trip, Neil sought reimbursement for some personal entertainment expenses. Knowing that the company policy precluded such reimbursement, he reported higher amounts for transportation fares and gratuities than he actually spent. Which of the following rationalizations most likely applies to Neil's actions?
a) It's not really illegal.
b) It's in everyone's best interests.
c) No one will ever know about it.
d) My boss will cover for me.
e) None of the above.

Ans: C
Difficulty: Hard
Ref: Ethics in the Workplace

140. Which of the following rationalizations for unethical behaviour reflects the mistaken belief that one's behaviour is acceptable, especially in ambiguous situations?
a) It's not really illegal.
b) It's in everyone's best interests.

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c) No one will ever know about it.
d) The organization will protect me.
e) Everybody does it.

Ans: A
Difficulty: Moderate
Ref: Ethics in the Workplace

141. Which of the following rationalizations for unethical behaviour reflects the mistaken belief that because someone can be found to benefit from the behaviour, the behaviour is also in the organization's best interests?
a) It's not really illegal.
b) It's in everyone's best interests.
c) No one will ever know about it.
d) The organization will protect me.
e) Everybody does it.

Ans: B

Difficulty: Moderate
Ref: Ethics in the Workplace

142. Which of the following rationalizations for unethical behaviour reflects the mistaken belief that a questionable behaviour is really "safe" and will never be discovered or made public?
a) It's not really illegal.
b) It's in everyone's best interests.
c) No one will ever know about it.
d) The organization will protect me.
e) Everybody does it.

Ans: C
Difficulty: Moderate
Ref: Ethics in the Workplace

143. Which of the following rationalizations for unethical behaviour reflects the mistaken belief that the organization's best interests stand above all others?
a) It's not really illegal.
b) It's in everyone's best interests.
c) No one will ever know about it.
d) The organization will protect me.
e) Everybody does it.

Ans: D
Difficulty: Moderate
Ref: Ethics in the Workplace

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144. Someone who exposes the misdeeds of others in an organization in an attempt to preserve ethical standards and protect against wasteful, harmful, or illegal acts is called _____.
a) A retaliator.
b) A whistleblower.
c) An ethics steward.
d) An ethics evaluator.
e) An ethics sheriff.

Ans: B
Difficulty: Easy
Ref: Maintaining High Ethical Standards

145. Which of the following is NOT a potential risk faced by people who act as whistleblowers?
a) Impaired career progress.
b) Retaliatory discharge.
c) Being ostracized by peers.
d) Being generously rewarded for revealing misdeeds.
e) Character assassination.

Ans: D
Difficulty: Moderate
Ref: Maintaining High Ethical Standards

146. A strict chain of command, strong work group identities, and ambiguous priorities are _____.
a) organizational barriers to whistle blowing.
b) essential components of moral quality circles.
c) mechanisms for resolving ethical dilemmas.
d) all of the above.
e) none of the above.

Ans: A
Difficulty: Moderate
Ref: Maintaining High Ethical Standards

147. Ethics training refers to _____.
a) Structured programs to help participants understand the ethical aspects of decision making, and how to incorporate ethical standards into their daily lives.
b) Teaching corporate outlines for formal corporate codes of ethics.
c) Training on the laws under which "white collar" criminals are prosecuted.
d) Learning about corporate guidelines for supplier conduct.
e) Exposure to governmental regulations for defence contractors in the United States.

Ans: A
Difficulty: Moderate
Ref: Maintaining High Ethical Standards

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148. A formal statement of an organization's values and ethical principles that provide guidelines on how to behave in situations susceptible to ethical dilemmas are referred to as the organization's _____.
a) Code of ethics.
b) Corporate social responsibility.
c) Management guidelines.
d) Employee mandate.
e) Employee handbook.

Ans: A
Difficulty: Easy
Ref: Maintaining High Ethical Standards

149. Formal codes of ethics are usually concerned with expressing how employees may be expected to behave with respect to all of the following except:
a) Customer-supplier relationships.
b) Political contributions.
c) Confidentiality of corporate information.
d) Choice of friends and acquaintances.
e) Responses to bribes and kickbacks.

Ans: D
Difficulty: Moderate
Ref: Maintaining High Ethical Standards

150. Codes of ethical conduct have several limitations. Which of the following is not one of these limitations?
a) Codes of ethical conduct cannot guarantee ethical conduct.
b) The value of an ethics code relies on the organization's underlying human resource foundation.
c) Ethical codes are not useful is large, complex organizations.
d) Ethical codes are not replacements for hiring people of integrity.
e) Ethical codes cannot replace leadership that is committed to being positive role models for the rest of the organization's members.

Ans: C
Difficulty: Hard
Ref: Maintaining High Ethical Standards

151. The value of any formal code of ethics relies on all of the following except:
a) Effective hiring practices that staff organizations with honest and moral people.
b) Committed managers who are willing to set examples.
c) The underlying human resource foundations of the organization.
d) Managers willing to act as positive role models.
e) Setting goals and communicating expectations.

Ans: E
Difficulty: Hard
Ref: Maintaining High Ethical Standards

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152. The Gap, Inc. expects certain ethical commitments from all its vendors. These ethical standards prohibit all of the following except:
a) Discrimination.
b) Forced labour.
c) Unsafe working conditions.
d) Minimum wages and benefits.
e) Freedom of association.

Ans: D
Difficulty: Moderate
Ref: Maintaining High Ethical Standards

153. Which of the following is not a step that managers should follow for making ethical decisions?
a) Recognize the ethical dilemma.
b) Identify your options.
c) Model what others are doing.
d) Double-check your decisions by asking follow-up questions.
e) Take action.

Ans: C
Difficulty: Moderate
Ref: Ethics in the Workplace

154. According to the text, an important way for double-checking the ethics of a decision is to ask which one of the following questions?
a) How would I feel about this decision if it made a lot of money for the company?
b) How would I feel if I received a large bonus a result of making this decision?
c) How would I feel if this decision harmed someone?
d) How would I feel if a competitor lost business as a result of this decision?
e) How would I feel if my family found out about my decision?

Ans: E
Difficulty: Hard
Ref: Ethics in the Workplace

155. _____ should act as ethical role models and set an ethical tone in their areas of responsibility.
a) Top management only.
b) Middle management only.
c) First-line or supervisory management only.
d) Top and middle management levels only.
e) All levels of management.

Ans: E
Difficulty: Moderate
Ref: Maintaining High Ethical Standards

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156. All of the following statements are accurate except:
a) An amoral manager is one who fails to consider or disregards the ethical implications of his or her behaviour.
b) An immoral manager is one who makes a conscious decision to behave in an unethical manner.
c) A moral manager is one considers the ethical implications of his or her behaviour and actions.
d) Ethical Mindfulness is a state of awareness that causes a person to behave in an ethical manner from one situation to another.
e) In terms of ethics all managers are basically the same.

Ans: E
Difficulty: Hard
Ref: Maintaining High Ethical Standards

157. All of the following statements are accurate except:
a) Moral managers are leaders who possess ethical mindfulness.
b) Amoral and immoral leaders can be just as influential as moral leaders.
c) Amoral and immoral leaders are less influential than moral leaders.
d) Amoral and immoral leaders have a largely negative impact on the ethics center of gravity.
e) Moral leaders can shift the ethics center of gravity by communicating ethical values and serving.

Ans: C
Difficulty: Hard
Ref: Maintaining High Ethical Standards

158. _____ is the state of enriched awareness that causes a person to behave ethically from one situation to the next.
a) Social entrepreneurship
b) Ethics mindfulness
c) Moral management
d) Code of ethics
e) Social responsibility

Ans: B
Difficulty: Moderate
Ref: Maintaining High Ethical Standards

159. _____ is the concept that involves seeking novel ways to solve pressing social problems, such as housing and job training for the homeless and bringing technology to poor families.
a) Corporate Social Responsibility
b) Social Entrepreneurship
c) Ethics Mindfulness
d) Social responsibility audit
e) Corporate governance

Ans: B
Difficulty: Easy
Ref: Maintaining High Ethical Standards

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160. _____ refers to an organization's obligation to act in ways that serve its own interests as well as the interests of society at large.
a) A code of ethics.
b) A moral code.
c) A formal policy statement.
d) Public accountability.
e) Corporate social responsibility.

Ans: E
Difficulty: Easy
Ref: Social Responsibility and Governance

161. The persons, groups, and other organizations directly affected by the behaviour of an organization and holding a stake in its performance are referred to as _____.
a) Governing boards.
b) Organizational stakeholders.
c) Trustees.
d) Role senders.
e) Regulators.

Ans: B
Difficulty: Moderate
Ref: Social Responsibility and Governance

162. Major organizational stakeholders include all of the following except:
a) Employees and contractors who work for the organization.
b) Providers of the organization's human, information, material, and financial resources.
c) General economic conditions and political trends.
d) Stockholders, investors, and creditors with claims on assets and profits of the organization.
e) Local, state, and national governmental agencies that enforce laws and regulations.

Ans: C
Difficulty: Moderate
Ref: Social Responsibility and Governance

163. Which of the following leadership beliefs is not appropriate for guiding socially responsible organizational practices?
a) People do their best in a healthy work environment that allows for job involvement as well as a good balance between work and family life.
b) Organizations function best over the long run when located in healthy communities with high qualities of life.
c) Organizations realize performance gains and efficiencies by exploiting the natural environment.
d) Organizations must be managed and led for long-term success.
e) An organization's reputation must be protected as a valuable asset.

Ans: C
Difficulty: Hard

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Ref: Social Responsibility and Governance

164. _____ is the social responsibility view holding that management's only responsibility in running a business is to maximize profits.
a) The stockholder model.
b) The free market model.
c) The corporate view.
d) The classical view.
e) The socioeconomic view.

Ans: D
Difficulty: Moderate
Ref: Social Responsibility and Governance

165. _____ is the social responsibility view that maintains the organization must be concerned with the broader social welfare and not just with corporate profits.
a) The stockholder model.
b) The free market model.
c) The stakeholder view.
d) The classical view.
e) The socioeconomic view.

Ans: E
Difficulty: Moderate
Ref: Social Responsibility and Governance

166. Arguments that corporations should engage in socially responsible behaviour include all of the following except:
a) Social responsibility decreases the need for restrictive government regulation.
b) Businesses have the resources and obligation to act in socially responsible ways.
c) Socially responsible behaviour improves the public image of business.
d) Pursuing socially responsible goals may dilute the purpose of the business.
e) Long-run profits for the business may improve or even be dependent on its degree of social responsibility.

Ans: D
Difficulty: Hard
Ref: Social Responsibility and Governance

167. The _____ refers to the situation in which corporate social responsibility leads to improved financial performance and this, in turn, leads to additional socially responsible actions.
a) Generous stakeholder.
b) Virtuous circle
c) Just alliance.
d) Fair community.
e) Socioeconomic parable.

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Ans: B
Difficulty: Moderate
Ref: Social Responsibility and Governance

168. A social responsibility audit is _____.
a) A systematic assessment and reporting of an organization's accomplishments in various areas of corporate social responsibility.
b) A public opinion survey regarding the social impact of a corporation's actions.
c) An internal accounting audit requested by shareholders.
d) A systematic assessment of the corporation's impact on its employees' social lives.
e) A survey of employees regarding their social preferences.

Ans: A
Difficulty: Easy
Ref: Social Responsibility and Governance

169. Which of the following does NOT reflect a common audit area for corporate social responsibility?
a) Ecology and environmental quality.
b) Truth in lending and consumer protection.
c) Managing conflict.
d) Service to communities.
e) Employment practices.

Ans: C
Difficulty: Moderate
Ref: Social Responsibility and Governance

170. The text identifies several criteria for evaluating socially responsible corporate behaviour. A firm is meeting its _____ when it earns a profit through provision of goods and services desired by customers.
a) Economic responsibility.
b) Legal responsibility.
c) Ethical responsibility.
d) Discretionary responsibility.
e) Stakeholder responsibility.

Ans: A
Difficulty: Moderate
Ref: Social Responsibility and Governance

171. An organization is meeting its economic responsibility when it _____.
a) Is in compliance with the law and requirements of various external regulations.
b) Voluntarily moves beyond basic economic, legal, and ethical expectations to provide leadership in advancing social well-being.
c) Earns a profit through provision of goods and services desired by customers.
d) Voluntarily conforms to legal expectations and broader values and moral expectations of society.
e) Anticipates socially responsible behaviour.

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Ans: C
Difficulty: Moderate
Ref: Social Responsibility and Governance

172. The text identifies several criteria for evaluating socially responsible corporate behaviour. A firm is meeting its _____ when it operates within the law and according to the requirements of various external regulations.
a) Economic responsibility.
b) Legal responsibility.
c) Ethical responsibility.
d) Discretionary responsibility.
e) Stakeholder responsibility.

Ans: B
Difficulty: Moderate
Ref: Social Responsibility and Governance

173. An organization is meeting its legal responsibility when it _____.
a) Is in compliance with the law and requirements of various external regulations.
b) Voluntarily moves beyond basic economic, legal, and ethical expectations to provide leadership in advancing social well-being.
c) Earns a profit through provision of goods and services desired by customers.
d) Voluntarily conforms to legal expectations and broader values and moral expectations of society.
e) Anticipates socially responsible behaviour.

Ans: A
Difficulty: Moderate
Ref: Social Responsibility and Governance

174. The text identifies several criteria for evaluating socially responsible corporate behaviour. A firm is meeting its _____when it voluntarily conforms to legal as well as broader values and moral expectations of society.
a) Economic responsibility.
b) Legal responsibility.
c) Ethical responsibility.
d) Discretionary responsibility.
e) Stakeholder responsibility.

Ans: C
Difficulty: Moderate
Ref: Social Responsibility and Governance

175. An organization is meeting its ethical responsibility when it _____.
a) Is in compliance with the law and requirements of various external regulations.
b) Voluntarily moves beyond basic economic, legal, and ethical expectations to provide leadership in advancing social well-being.
c) Earns a profit through provision of goods and services desired by customers.

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d) Voluntarily conforms to legal expectations as well as broader values and moral expectations of society.
e) Anticipates socially responsible behaviour.

Ans: D
Difficulty: Moderate
Ref: Social Responsibility and Governance

176. The text identifies several criteria for evaluating socially responsible corporate behaviour. A firm is meeting its _____when it voluntarily moves beyond basic economic, legal, and ethical expectations to provide leadership in advancing social well-being.
a) Economic responsibility.
b) Legal responsibility.
c) Ethical responsibility.
d) Discretionary responsibility.
e) Stakeholder responsibility.

Ans: D
Difficulty: Moderate
Ref: Social Responsibility and Governance

177. An organization is meeting its discretionary responsibility when it _____.
a) Is in compliance with the law and requirements of various external regulations.
b) Voluntarily moves beyond basic economic, legal, and ethical expectations to provide leadership in advancing social well-being.
c) Earns a profit through provision of goods and services desired by customers.
d) Voluntarily conforms to legal expectations as well as broader values and moral expectations of society.
e) Anticipates socially responsible behaviour.

Ans: B
Difficulty: Moderate
Ref: Social Responsibility and Governance

178. The highest level of social performance comes through the satisfaction of an organization's _____.
a) Economic responsibility.
b) Legal responsibility.
c) Ethical responsibility.
d) Discretionary responsibility.
e) Stakeholder responsibility.

Ans: D
Difficulty: Moderate
Ref: Social Responsibility and Governance

179. The obstructionist strategy involves a corporate social responsibility commitment that _____.
a) Reflects mainly economic concerns.
b) Seeks to protect the organization by doing the minimum legally required to satisfy expectations.

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c) Is congruent with society's prevailing norms, values, and expectations.
d) Takes preventive action to avoid adverse social impact.
e) Is inconsistent with prevailing societal norms.

Ans: A
Difficulty: Moderate
Ref: Social Responsibility and Governance

180. The obstructionist strategy of social responsibility meets the organization's _____.
a) Economic responsibility.
b) Economic and legal responsibilities.
c) Economic, legal, and ethical responsibilities.
d) Economic, legal, ethical, and discretionary responsibilities.
e) Economic, legal, ethical, discretionary, and political responsibilities.

Ans: A
Difficulty: Easy
Ref: Social Responsibility and Governance

181. The defensive strategy involves a corporate social responsibility commitment that _____.
a) Reflects mainly economic concerns.
b) Seeks to protect the organization by doing the minimum legally required to satisfy expectations.
c) Is congruent with society's prevailing norms, values, and expectations.
d) Takes preventative action to avoid adverse social impact.
e) Is inconsistent with prevailing societal norms.

Ans: B
Difficulty: Easy
Ref: Social Responsibility and Governance

182. The defensive strategy of social responsibility meets the organization's _____.
a) Economic responsibility.
b) Economic and legal responsibilities.
c) Economic, legal, and ethical responsibilities.
d) Economic, legal, ethical, and discretionary responsibilities.
e) Economic, legal, ethical, discretionary, and political responsibilities.

Ans: B
Difficulty: Easy
Ref: Social Responsibility and Governance

183. An organization that is pursuing a(n) _____ social responsibility strategy would likely do the minimum ethically required to satisfy economic, legal, and ethical criteria.
a) Obstructionist.
b) Defensive.
c) Accommodative.

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d) Proactive.
e) Ethical.

Ans: C
Difficulty: Moderate
Ref: Social Responsibility and Governance

184. The accommodative strategy of social responsibility meets the organization's _____.
a) Economic responsibility.
b) Economic and legal responsibilities.
c) Economic, legal, and ethical responsibilities.
d) Economic, legal, ethical, and discretionary responsibilities.
e) Economic, legal, ethical, discretionary, and political responsibilities.

Ans: C
Difficulty: Easy
Ref: Social Responsibility and Governance

185. An organization that is following a(n) _____ social responsibility strategy would both take preventive action to avoid adverse social impacts from company activities and take a leadership role in identifying and responding to emerging social issues.
a) Obstructionist.
b) Defensive.
c) Accommodative.
d) Proactive.
e) Ethical.

Ans: D
Difficulty: Moderate
Ref: Social Responsibility and Governance

186. The proactive strategy of social responsibility meets the organization's _____.
a) Economic responsibility.
b) Economic and legal responsibilities.
c) Economic, legal, and ethical responsibilities.
d) Economic, legal, ethical, and discretionary responsibilities.
e) Economic, legal, ethical, discretionary, and political responsibilities.

Ans: D
Difficulty: Easy
Ref: Social Responsibility and Governance

187. _____ refers to a board of directors providing oversight of the top management of an organization.
a) Moral oversight.
b) Public scrutiny.
c) Corporate governance.

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d) Ethical imperialism.
e) An executive network.

Ans: C
Difficulty: Easy
Ref: Social Responsibility and Governance

188. Corporate governance typically involves all of the following EXCEPT:
a) Hiring and firing the chief executive officer (CEO).
b) Assessing strategy.
c) Verifying financial records.
d) Approving product specifications and production methods.
e) Compensating the chief executive officer (CEO).

Ans: D
Difficulty: Hard
Ref: Social Responsibility and Governance

189. The management challenge in contemporary organizations is best summarized in which of the following statements?
a) Managers must simultaneously maintain high-performance standards as well as ethical and socially responsible operations.
b) Every manager must strive to achieve organizational goals even if it compromises his/her values.
c) Economic performance is the most important objective that managers must achieve.
d) Maintaining ethical standards and promoting social responsibility are the most important objectives managers must achieve.
e) Management in today's business environment should be approached in essentially the same way that it was in the past.

Ans: A
Difficulty: Hard
Ref: Social Responsibility and Governance

190. Which one of the following is not included in the four views of ethical behaviour that philosophers have discussed?
a) Utilitarian view.
b) Individualism view.
c) Functional view.
d) Moral rights view.
e) Justice view.

Ans: C
Difficulty: Easy
Ref: What Is Ethical Behaviour?

191. Ethical imperialism is the attempt to externally impose one's ethical standards on others.

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Ans: True
Difficulty: Easy
Ref: What Is Ethical Behaviour?

192. A whistleblower is someone who exposes the misdeeds of others in an organization in an attempt to preserve ethical standards and protect against wasteful, harmful, or illegal acts.

Ans: True
Difficulty: Easy
Ref: Maintaining High Ethical Standards

193. The value of an ethics code relies on the organization's underlying human resource foundation.

Ans: True
Difficulty: Moderate
Ref: Maintaining High Ethical Standards - Codes of Ethical Conduct

194. Which of the following statements about the Sarbanes-Oxley Act of 2002 is/are true?
a) The Sarbanes-Oxley Act created the Public Company Accounting Oversight Board and set a new audit-reporting standard.
b) The Sarbanes-Oxley Act created the mechanism for governmental supervision of the liquidation of Enron and Arthur Andersen.
c) The Sarbanes-Oxley Act makes it easier for corporate executives to be tried and sentenced to jail for financial misconduct.
d) A and B.
e) A and C.

Ans: E
Difficulty: Moderate
Ref: What Is Ethical Behaviour? - Ethical Decision-Making

Essay Questions

1. Identify four alternative views of ethical behaviour and briefly describe the main emphasis of each view.

Ans: The four alternative views of ethical behaviour and the main emphasis of each are as follows:
Utilitarian view — ethical behaviour that delivers the greatest good to greatest number of people.
Individualism view — ethical behaviour that best serves long-term self-interests.
Moral-rights view — ethical behaviour that respects the fundamental rights of all people.
Justice view — ethical behaviour that is impartial and fair in treating people according to guiding rules and standards.
Difficulty: Moderate
Ref: What is Ethical Behaviour?

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2. What is an ethical dilemma? Describe some of the possible sources of ethical dilemmas.

Ans: An ethical dilemma occurs when someone must choose whether or not to pursue a course of action that, although offering the potential of personal or organizational benefit or both, may be considered unethical. Potential sources of ethical dilemmas include discrimination, sexual harassment, conflicts of interest, customer confidence, and organizational resources. Additionally, many ethical dilemmas involve conflicts with superiors, customers, and subordinates.
Difficulty: Easy
Ref: Ethics in the Workplace

3. Ethics intensity or issue intensity indicates the degree to which an issue or situation is recognized to pose important ethical challenges. Discuss how the situational context of an issue or dilemma may have serious unforeseen ethical consequences.

Ans: The conditions that raise the ethics intensity of a situation include the magnitude, probability, and immediacy of any potential harm, the proximity and concentration of the effects, and social consensus. A decision situation will elicit greater ethical attention when the potential harm is perceived as great, likely and imminent, the potential victims are visible and close by, and there is more social agreement on what is good or bad about what is taking place. Take, for example, the issue of pirated music downloads. Run it through each of these ethics intensity factors. Can we say that low ethics intensity contributes to the likelihood of music pirating? In general, the greater the ethical intensity of the situation, the more aware the decision maker is about ethics issues and the more likely that his or her behaviour will be ethical.
Difficulty: Moderate
Ref: Ethics in the Workplace

4. Discuss the ways in which high ethical standards may be maintained in organizations.

Ans: Four primary methods for maintaining high ethical standards are: ethics training, whistleblower protection, ethical role models, and codes of ethical conduct. Each of these is described below:
Ethics training refers to structured programs that help participants understand the ethical aspects of decision making, and help people incorporate high ethical standards into their daily behaviours. Ethics training helps people deal with ethical issues while under pressure and to avoid the common rationalizations for unethical behaviour.
Whistleblowers are people who expose the misdeeds of others in organizations in order to preserve ethical standards and protect against wasteful, harmful, or illegal acts. Whistleblowers need to be protected because of the risk of managerial/organizational retaliation and career damage.
Being an ethical role model applies to managers throughout the organization. The behaviour of top managers can either encourage or discourage unethical behaviour in others at lower levels of the organization. Although top managers have a special responsibility for setting the ethical tone of an organization, all managers can influence the ethical behaviour of the people who work for and with them.
Codes of ethical conduct are official written guidelines on how to behave in situations susceptible to ethical dilemmas. Most ethical codes identify expected behaviour in terms of general organizational citizenship, the avoidance of illegal or improper acts in one's work, and good relationships with customers.
Difficulty: Moderate
Ref: Maintaining High Ethical Standards

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5. What is corporate social responsibility? In your opinion, should businesses be socially responsible? Support your answer with appropriate reasons.

Ans: Corporate social responsibility looks at ethical behaviour from the organizational level. Corporate social responsibility is an obligation of the organization to act in ways that serve both its own interests and the interests of its many external stakeholders — those persons, groups, and other organizations directly affected by the behaviour of the organization and who hold a stake in its performance.
In the 21st century economy, it is hard to argue against corporate social responsibility. One way to approach this is by exploring the linkage between organizations' corporate social responsibility and their financial performance. In the short term, financial success might be achieved by ignoring social responsibility. In the long term, however, proper attention must be given to social responsibility in order for the company to survive and prosper. Indeed, in today's world, the public at large expects businesses and other organizations to act with genuine social responsibility. Additionally, increasing empirical evidence indicates that high performance in social responsibility can be associated with strong financial performance and, at worst, has no adverse financial impact. Moreover, recent evidence suggests the existence of a virtuous circle in which corporate social responsibility leads to improved financial performance and this, in turn, leads to additional socially responsible actions.
Another approach for supporting the contention that businesses should be socially responsible draws upon the four criteria for evaluating corporate social performance. These criteria, which can be arranged in a hierarchy of impact, are the following:
The organization's economic responsibility, which is met when it earns a profit through the provision of goods and services desired by customers.
The organization's legal responsibility, which is fulfilled when it operates within the law and according to the requirements of various external regulations.
The organization's ethical responsibility, which is met when its actions voluntarily conform to both legal expectations and the broader values and moral expectations of society.
The organization's discretionary responsibility, which involves the organization's voluntary movement beyond basic economic, legal, and ethical expectations to provide leadership in advancing the well-being of individuals, communities, and society as a whole.
The argument can be made that businesses are more likely to survive and succeed over the long term when they fulfill a responsibility that has greater impact. Thus, a higher probability of survival and success would occur by fulfilling the legal responsibility than by just fulfilling the economic responsibility. Likewise, fulfilling the ethical responsibility likely produces still further increases in the probability of business success and survival. Fulfilling the discretionary responsibility should provide a business with the greatest chance of survival and success.
Difficulty: Hard
Ref: Social Responsibility and Governance

6. Corporations that want to be regarded as socially responsible are establishing corporate governance initiatives and practices that encourage sustainability. Define sustainability and discuss whether companies can achieve a higher degree of ethics as a result of corporate sustainability initiatives.

Ans: Sustainability can be defined as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs." Central to sustainability is finding a balance between present and future needs, focusing on social rights, environmental protection, and economic development.
Cost reduction, resource preservation, legislative compliance, reputation and right initiatives are some of the reasons why businesses focus on sustainability programs.
The drive for continuous improvement in products and markets has made organizations environmentally aware and become a part of an ever-increasing standard of business ethics. As companies drive to increase shareholder values through profits and margins, internal and external business sustainability has become the new doctrine for success. The mantra of this new management culture is one that equates business growth with business sustainability while raising the plateau for greater and higher ethical standards. When a company knows what it really stands for, and when this knowledge guides company decisions about what to do and what not to do in most situations, then the

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problem of ethical compliance largely fades away. Owing to their wholehearted approach to ethics, these companies are steps ahead of competitors in their categories.
In many ways, businesses have significantly shifted away from a traditional model which suggested that addressing environmental concerns is a distraction from core functions. In fact, some businesses are finding that well managed social responsibility programs and corporate sustainability initiatives can be a driver for competitive advantage and new business opportunities.
Difficulty: Hard
Ref: What is Ethical Behaviour? And What are social responsibility, governance, and sustainability

7. The business ethics of your partner in North America, your supplier in India, or your customer in Europe, may vary because they have their root in the culture of their home society. What are some of the key ethical issues facing companies doing business in a global context? What is your view of how well businesses have done in facing and addressing those ethical issues?

Ans: Although more small businesses are venturing into the global marketplace, large multinational corporations still represent much of international business, and the ethical expectations of them are often greater because of their size and visibility. These corporations face complex business ethics environments that vary widely from country to country. In addition to the stakeholders normally considered in any ethical business decision, the number of stakeholders grows to include host governments, foreign suppliers, agents, and other organizations.
The idea of variation in business ethics formally known as "cultural relativism" states that the "right way to act" - what is "good behaviour" - is nothing more than behaviour that is socially approved by the majority within a culture. What some countries, cultures and governments perceive as good and ethical business practices meant to boost the competitive advantage of their home country corporations are often seen as just the opposite - bordering on the unethical and providing an unfair advantage over competitors.
Other potential ethical questions that could be mentioned include: global supply chain, product quality , labour rights and standards, corruption, bribery, extortion, safety standards, concerns about environmental degradation, crime, lack of legal enforcement or clear property rights, women's rights, children's rights. Students will have different views on how businesses have managed in light of these issues.
Multinational companies are gaining experience in managing these complex ethical issues in a complex, but more globalized world. The expanding interest in business ethics and the development of international guidelines to guide business behaviour across cultural boundaries will help bring more consistency in ethical standards and contribute to making the international business experience a richer and more satisfying one for all concerned.
Difficulty: Hard
Ref: What is Ethical Behaviour? and Ethics in the Workplace

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Chapter 6: Planning Processes and Techniques

True/False

1. Cognos shows that you cannot make great things happen even with the right plans.

Ans: False
Difficulty: Moderate
Ref: Learning From Others

2. Managers must have the insight and courage to be flexible in response to new circumstances.

Ans: True
Difficulty: Easy
Ref: Introduction

3. Planning is the process of setting objectives and determining what should be done to accomplish them.

Ans: True
Difficulty: Moderate
Ref: Why and How Managers Plan

4. Planning is the process of deciding how to what you want to accomplish and how to do it.

Ans: True
Difficulty: Easy
Ref: Why and How Managers Plan

Importance of Planning

5. Planning creates a solid platform for further managerial efforts at allocating and arranging resources to accomplish essential tasks, guiding the efforts of human resources to ensure high levels of task accomplishment, monitoring task accomplishment, and taking necessary corrective action.

Ans: True
Difficulty: Moderate
Ref: Why and How Managers Plan

6. Controlling is the management function that establishes the platform for further managerial efforts.

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Ans: False
Difficulty: Moderate
Ref: Why and How Managers Plan

7. Although planning focuses attention on defining and setting objectives, it doesn't concern itself with implementation of those objectives.

Ans: False
Difficulty: Hard
Ref: Why and How Managers Plan

8. Planning eliminates the need for effective leadership.

Ans: False
Difficulty: Moderate
Ref: Why and How Managers Plan

The Planning Process

9. In the planning process, objectives refer to the specific results or desired outcomes that one intends to achieve.

Ans: True
Difficulty: Easy
Ref: Why and How Managers Plan

10. Planning is an ongoing process engaged in simultaneously with other daily work processes.

Ans: True
Difficulty: Moderate
Ref: Why and How Managers Plan

11. Planning is a five-step process that includes defining objectives, determining current status relative to objectives, developing premises regarding future conditions, analyzing action alternatives and choosing among them, and implementing the plan and evaluating results.

Ans: True
Difficulty: Moderate
Ref: Why and How Managers Plan

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12. The planning process is a systematic way of setting performance objectives and deciding how to best achieve them.

Ans: True
Difficulty: Moderate
Ref: Why and How Managers Plan

13. The planning process is a systematic way of ensuring that performance objectives have been attained.

Ans: False
Difficulty: Moderate
Ref: Why and How Managers Plan

Benefits of Planning

14. Effective planning improves focus and flexibility, provides an action orientation, helps to improve coordination, and facilitates better control and time management.

Ans: True
Difficulty: Easy
Ref: Why and How Managers Plan

15. An organization with focus knows the needs of its customers and knows how to serve them well; an individual with focus knows where he or she wants to go in a career or situation and is able to retain that objective even in difficult circumstances.

Ans: True
Difficulty: Moderate
Ref: Why and How Managers Plan

16. An organization with flexibility is willing and able to change and adapt and operates with an orientation toward the future.

Ans: True
Difficulty: Easy
Ref: Why and How Managers Plan

17. In regards to planning, the complacency trap occurs when organizations simply allow themselves to be carried along by the flow of events.

Ans: True
Difficulty: Moderate

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Ref: Why and How Managers Plan

18. Planning provides action orientations for people and organizations that are results oriented, priority oriented, advantage oriented, and change oriented.

Ans: True
Difficulty: Easy
Ref: Why and How Managers Plan

19. When plans are coordinated among the various systems and components of the organization, there is less likelihood that multiple accomplishments will add up to the desired results for the organization as a whole.

Ans: False
Difficulty: Moderate
Ref: Why and How Managers Plan

20. Planning helps managers and organizations to stay ahead of the competition by creating a performance-oriented sense of direction, making sure the most important things get attention first, ensuring that all resources are used to best advantage, and anticipating problems and opportunities so they can be dealt with in the best way.

Ans: True
Difficulty: Hard
Ref: Why and How Managers Plan

21. Planning facilitates control by defining the objectives and using specialization to motivate workers.

Ans: False
Difficulty: Moderate
Ref: Why and How Managers Plan

22. Without controlling, planning lacks a framework for measuring how well things are going and what could be done to improve things.

Ans: False
Difficulty: Easy
Ref: Why and How Managers Plan

23. Without planning, controlling lacks the follow-through needed to ensure that things work as planned.

Ans: False

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Difficulty: Easy
Ref: Why and How Managers Plan

Planning and Time Management

24. Effective time management involves choices about the allocation of time to the most important priorities.

Ans: True
Difficulty: Easy
Ref: Why and How Managers Plan

25. Good time management involves prioritizing your work, screening calls and emails, and saying "no" to distracting requests.

Ans: True
Difficulty: Easy
Ref: Why and How Managers Plan

Long-Range and Short-Range Plans

26. Short-range plans cover one year or less into the future.

Ans: True
Difficulty: Easy
Ref: Types of Plans Used by Managers

27. Intermediate-range plans cover a time frame of one to five years into the future.

Ans: False
Difficulty: Easy
Ref: Types of Plans Used by Managers

28. Long-range plans cover a time frame at least six years into the future.

Ans: False
Difficulty: Easy
Ref: Types of Plans Used by Managers

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29. Top-level managers spend more time with long-range planning.

Ans: True
Difficulty: Easy
Ref: Types of Plans Used by Managers

30. Elliot Jacques suggests that all managers, regardless of their levels, will use the same time horizon to plan their work activities.

Ans: False
Difficulty: Moderate
Ref: Types of Plans Used by Managers

Strategic and Tactical Plans

31. Strategic plans set broad, comprehensive, and longer-term action directions for the entire organization.

Ans: True
Difficulty: Easy
Ref: Types of Plans Used by Managers

32. Typical strategic plans in a business would include dealing with the methods and technology needed by people in their work and dealing with money required to support various operations. Typical operational plans in a business would include dealing with requirements of selling and distributing goods or services and dealing with recruitment, selection, and placement of people into jobs.

Ans: False
Difficulty: Hard
Ref: Types of Plans Used by Managers

33. An organization's vision clarifies the purpose of the organization and expresses what it hopes to be in the future.

Ans: True
Difficulty: Moderate
Ref: Types of Plans Used by Managers

34. A tactical plan helps to implement all or parts of a strategic plan.

Ans: True
Difficulty: Easy
Ref: Types of Plans Used by Managers

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35. Tactical plans tend to be intermediate-term plans that specify step by step means for using the organization's resources to put strategies into action.

Ans: True
Difficulty: Moderate
Ref: Types of Plans Used by Managers

36. A functional plan indicates how different operations within the organization will help advance the overall strategy.

Ans: True
Difficulty: Easy
Ref: Types of Plans Used by Managers

37. Examples of functional plans include production plans, financial plans, logistics plans, and HR plans.

Ans: True
Difficulty: Easy
Ref: Types of Plans Used by Managers

Operational plan

38. Operational plans define what needs to be done in specific functions or work units in order to implement strategic plans and achieve strategic objectives.

Ans: True
Difficulty: Easy
Ref: Types of Plans Used by Managers

39. Operational plans form the foundation for strategic plans, whereas strategic plans specify the activities and resources that are needed to carry out the operational plans.

Ans: False
Difficulty: Moderate
Ref: Types of Plans Used by Managers

Policies and Procedures

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40. Policies and procedures are single-use plans for meeting the needs of a well-defined situation in a timely manner.

Ans: False
Difficulty: Moderate
Ref: Types of Plans Used by Managers

41. Policies communicate broad guidelines for making decisions and taking action in specific circumstances.

Ans: True
Difficulty: Easy
Ref: Types of Plans Used by Managers

42. Rules or procedures describe exactly what actions are to be taken in specific situations.

Ans: True
Difficulty: Easy
Ref: Types of Plans Used by Managers

43. Standard operating procedures are rules that are often found in employee manuals.

Ans: True
Difficulty: Moderate
Ref: Types of Plans Used by Managers

44. Procedures present a plan of action for specific situations whereas policies are broad guidelines.

Ans: True
Difficulty: Moderate
Ref: Types of Plans Used by Managers

Budgets

45. A zero-based budget and a project schedule are examples of standing plans that are designed to cover recurring situations.

Ans: False
Difficulty: Moderate
Ref: Types of Plans Used by Managers

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46. A monthly operating budget is an example of a single-use plan that serves the needs and objectives of a well-defined situation in a timely manner.

Ans: True
Difficulty: Moderate
Ref: Types of Plans Used by Managers

47. Budgets are single-use plans that commit resources to activities, projects, or programs.

Ans: True
Difficulty: Moderate
Ref: Types of Plans Used by Managers

48. A fixed budget is defined as one that allocates a fixed amount of resources for a specific purpose.

Ans: True
Difficulty: Easy
Ref: Types of Plans Used by Managers

49. A zero-based budget allows the allocation of resources to vary in proportion with various levels of activity.

Ans: False
Difficulty: Moderate
Ref: Types of Plans Used by Managers

50. Fixed budgets define specific task objectives, link activities to be accomplished with due dates, and identify the amounts and timing of resource requirements.

Ans: False
Difficulty: Moderate
Ref: Types of Plans Used by Managers

Forecasting

51. Using the opinions of persons with special expertise to make predictions about the future is called qualitative forecasting.

Ans: True
Difficulty: Moderate
Ref: Planning Tools and Techniques

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52. Using mathematical and statistical analyses of historical data and surveys to predict future events is called quantitative forecasting.

Ans: True
Difficulty: Moderate
Ref: Planning Tools and Techniques

53. Quantitative forecasting techniques use expert opinions to predict the future, whereas qualitative forecasting uses mathematical analyses to predict future events.

Ans: False
Difficulty: Moderate
Ref: Planning Tools and Techniques

54. Forecasting is a process of making quantitative or qualitative predictions about what will happen in the future; yet in the final analysis, forecasting is subject to error because it always relies on human judgment and interpretation.

Ans: True
Difficulty: Moderate
Ref: Planning Tools and Techniques

Contingency Planning

55. Contingency planning identifies alternative courses of action that can be implemented to meet the needs of changing circumstances.

Ans: True
Difficulty: Moderate
Ref: Planning Tools and Techniques

56. Contingency planning occurs when planners decide the future will be identical to the past.

Ans: False
Difficulty: Moderate
Ref: Planning Tools and Techniques

57. Contingency planning does not specify different courses of action under different conditions.

Ans: False
Difficulty: Moderate

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Ref: Planning Tools and Techniques

58. Contingency planning focuses on early identification of possible shifts in future events.

Ans: True
Difficulty: Moderate
Ref: Planning Tools and Techniques

59. Contingency planning contains trigger points that indicate when preselected alternative plans should be activated.

Ans: True
Difficulty: Moderate
Ref: Planning Tools and Techniques

Scenario Planning

60. Scenario planning is a short term activity.

Ans: False
Difficulty: Moderate
Ref: Planning Tools and Techniques

61. Scenario planning involves identifying alternative future states of affairs that may occur and then developing plans to deal with each case should it actually occur.

Ans: True
Difficulty: Moderate
Ref: Planning Tools and Techniques

62. Scenario planning helps Royal Dutch/Shell make major adjustments in strategies and operations and to be better prepared than competitors for future shocks.

Ans: True
Difficulty: Moderate
Ref: Planning Tools and Techniques

Benchmarking

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63. Benchmarking is used to gain perspective on current organizational performance through the use of external comparisons.

Ans: True
Difficulty: Moderate
Ref: Planning Tools and Techniques

64. Benchmarking is done to determine what other organizations are doing well and planning on incorporating those good ideas into one's own organization.

Ans: True
Difficulty: Moderate
Ref: Planning Tools and Techniques

65. Internal benchmarking refers to those things that are done by both competitors and non-competitors that enable them to achieve superior performance.

Ans: False
Difficulty: Moderate
Ref: Planning Tools and Techniques

Use of Staff Planners

66. Staff planners are individuals who lead and coordinate the planning function for an organization as a whole or for one of its major components.

Ans: True
Difficulty: Moderate
Ref: Planning Tools and Techniques

67. An important risk associated with the use of staff planners is the communication gap that can develop between staff planners and line managers.

Ans: True
Difficulty: Moderate
Ref: Planning Tools and Techniques

68. Planning specialists are skilled in all steps of the planning process but not in the use of planning tools and techniques.

Ans: False

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Difficulty: Moderate
Ref: Planning Tools and Techniques

Goal Setting And Goal Alignment

69. As long as people have goals, how they are set doesn't really make much of an impact on their success or not.

Ans: False
Difficulty: Hard
Ref: Implementing Plans

70. The CEO of Cypress Semi Conductors, T.J. Rodgers, provides employees with clear and quantified work goals which help managers and employees to identify problems before they interfere with performance.

Ans: True
Difficulty: Moderate
Ref: Implementing Plans

71. Great goals should be specific, timely, measurable, referred to, and attainable.

Ans: True
Difficulty: Easy
Ref: Implementing Plans

72. Aligning goals from one level to the next facilitates the right things happening at the right time on all levels of the organization.

Ans: True
Difficulty: Hard
Ref: Implementing Plans

73. In the means-ends chain, higher-level objectives are ends that are directly tied to lower-level objectives as the means for their accomplishment.

Ans: True
Difficulty: Moderate
Ref: Implementing Plans

Management By Objectives

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74. Management by objectives (MBO) is a structured process of regular communication in which a supervisor/team leader and subordinates/team members jointly set performance objectives and review results accomplished.

Ans: True
Difficulty: Moderate
Ref: Implementing Plans

75. In management by objectives (MBO), the supervisor/team leader and subordinates/team members formally agree on: performance objectives for a specific time period, plans for accomplishing the performance objectives, standards for measuring the accomplishment of objectives, and procedures for reviewing performance results.

Ans: True
Difficulty: Hard
Ref: Implementing Plans

76. In a management by objectives approach, the supervisor/team leader and subordinates/team members jointly plan, act, and control during all phases of the process.

Ans: False
Difficulty: Moderate
Ref: Implementing Plans

77. Improvement objectives, personal development objectives, and maintenance objectives can be specified in an MBO contract.

Ans: True
Difficulty: Moderate
Ref: Implementing Plans

78. A good performance objective should be challenging and specific but it need not be measurable or time defined.

Ans: False
Difficulty: Moderate
Ref: Implementing Plans

79. On those jobs where performance is difficult to quantify, performance objectives can be stated as verifiable work activities.

Ans: True
Difficulty: Moderate
Ref: Implementing Plans

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80. In using MBO, managers should avoid having subordinates engage in self-appraisal of their performance results in light of their performance objectives.

Ans: False
Difficulty: Moderate
Ref: Implementing Plans

81. Advantages of MBO include focusing the work efforts of subordinates/team members on the most important tasks and objectives, and the work efforts of the supervisor/team leader on areas of support that can help subordinates/team members meet agreed-upon objectives.

Ans: True
Difficulty: Moderate
Ref: Implementing Plans

Participation And Involvement

82. Participatory planning requires that the planning process include people who will be affected by the resulting plans and/or will be asked to help implement them.

Ans: True
Difficulty: Moderate
Ref: Implementing Plans

83. The use of participatory planning can increase creativity in planning, the commitment of people for planning, and the information available for planning.

Ans: True
Difficulty: Easy
Ref: Implementing Plans

84. The use of participatory planning can increase conflict over scarce resources and consequently decrease acceptance of chosen alternatives.

Ans: False
Difficulty: Easy
Ref: Implementing Plans

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85. Only a few key people should be involved in developing plans in order to keep the plans simple and to facilitate implementation.

Ans: False
Difficulty: Moderate
Ref: Implementing Plans

86. While participation in the planning process can increase the amount of time spent in planning, it nonetheless can enhance results by improving implementation.

Ans: True
Difficulty: Moderate
Ref: Implementing Plans

Multiple Choice

87. Which of the following statements about planning and controlling is/are accurate?
a) Even the best plans will have to be changed at some point due to an uncertain future.
b) Managers must be flexible in response to new circumstances.
c) Managers must have the discipline to maintain control when performance pressures are unrelenting.
d) B and C.
e) A, B, and C.

Ans: E
Difficulty: Moderate
Ref: Why and How Managers Plan

88. Setting objectives and determining what should be done to accomplish them is the essence of the management function of _____.
a) Productivity improvement.
b) Controlling.
c) Leading.
d) Organizing.
e) Planning.

Ans: E
Difficulty: Easy
Ref: Why and How Managers Plan

89. _____ is the process of deciding exactly what one wants to accomplish and how to do it.
a) Sales forecasting
b) Planning.
c) Needs analysis.
d) Demand estimation.

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e) Program development.

Ans: B
Difficulty: Easy
Ref: Why and How Managers Plan

90. _____ is the management function that establishes the platform for further managerial efforts.
a) Leading.
b) Planning.
c) Organizing.
d) Controlling.
e) Directing.

Ans: B
Difficulty: Easy
Ref: Why and How Managers Plan

91. In the planning process, _____ refer to the specific results or desired outcomes that one intends to achieve.
a) Guidelines.
b) Objectives.
c) Procedures.
d) Policies.
e) Alternatives.

Ans: B
Difficulty: Easy
Ref: Why and How Managers Plan

92. _____ is a statement of action steps to be taken in order to accomplish objectives.
a) A plan.
b) A solution.
c) A guideline.
d) An alternative.
e) A goal.

Ans: A
Difficulty: Easy
Ref: Why and How Managers Plan

93. Which one of the following alternatives lists the planning steps in proper order?
a) Define objectives, determine current standing relative to objectives, evaluate current accomplishments, analyze and choose among possible action alternatives, and implement the plan and evaluate results.
b) Define objectives, develop premises regarding future conditions, determine current standing relative to objectives, analyze and choose among possible action alternatives, and implement the plan and evaluate results.

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c) Define objectives, determine current standing relative to objectives, develop premises regarding future conditions, analyze and choose among possible action alternatives, and implement the plan and evaluate results.
d) Determine current standing relative to objectives, define objectives, develop premises regarding future conditions, analyze and choose among possible action alternatives, and implement the plan and evaluate results.
e) Develop premises regarding future conditions, define objectives, determine current standing relative to objectives, analyze and choose among possible action alternatives, and implement the plan and evaluate results.

Ans: C
Difficulty: Hard
Ref: Why and How Managers Plan

94. The planning process is a systematic way of approaching which of the following tasks?
a) Setting performance objectives.
b) Deciding how to best achieve performance objectives.
c) Ensuring that performance objectives have been attained.
d) A and B.
e) A, B, and C.

Ans: D
Difficulty: Moderate
Ref: Why and How Managers Plan

95. Which of the following statements accurately describes the benefits of planning?
a) Planning improves action orientation.
b) Planning improves coordination.
c) Planning improves time management.
d) A and B.
e) A, B, and C.

Ans: E
Difficulty: Moderate
Ref: Why and How Managers Plan

96. Which of the following statements about focus is correct?
a) An organization with focus knows what it does best.
b) An organization with focus knows the needs of its customers and knows how to serve them well.
c) An individual with focus knows where he or she wants to go in a career or situation and is able to retain that objective even in difficult circumstances.
d) All of the above.
e) None of the above.

Ans: D
Difficulty: Moderate
Ref: Why and How Managers Plan

97. Which of the following statements about flexibility is/are correct?

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a) An organization with flexibility is willing and able to change and adapt.
b) An organization with flexibility operates with an orientation toward the future.
c) An individual with flexibility adjusts career plans to fit new and developing opportunities.
d) All of the above.
e) None of the above.

Ans: D
Difficulty: Moderate
Ref: Why and How Managers Plan

98. _____occurs when an organization chooses to allow itself to be carried along by the flow of events.
a) Planning coordination
b) Planning control
c) Complacency trap
d) Strategic planning
e) Forecasting

Ans: C
Difficulty: Moderate
Ref: Why and How Managers Plan

99. According to Covey, good planning helps an organization to be:
a) Priority oriented, results oriented, advantage oriented, change oriented
b) Priority oriented, results oriented, strategy oriented, tactically oriented
c) Advantage oriented, change oriented, task oriented, control oriented
d) Advantage oriented, change oriented, strategy oriented, results oriented
e) Advantage oriented, change oriented, strategy oriented, decision oriented

Ans: A
Difficulty: Hard
Ref: Why and How Managers Plan

100. Without _____, _____ lacks a framework for measuring how well things are going and what could be done to improve things.
a) Problem solving ….organizing.
b) Planning … controlling.
c) Planning … leading.
d) Controlling … goal setting.
e) Planning … decision making.

Ans: B
Difficulty: Moderate
Ref: Why and How Managers Plan

101. Without _____, _____ lacks the follow-through needed to ensure that things work as planned.
a) Controlling … organizing.

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b) Planning … controlling.
c) Controlling … leading.
d) Planning … problem solving
e) Controlling. …planning.

Ans: E
Difficulty: Moderate
Ref: Why and How Managers Plan

102. Effective _____ involves choices about the allocation of time to the most important priorities.
a) Inventory management.
b) Cash management.
c) Time management.
d) Project budgeting.
e) Strategic management.

Ans: C
Difficulty: Moderate
Ref: Why and How Managers Plan

103. Good time management includes all of the following except:
a) Say no to requests that divert you from what you really should be doing.
b) Have a system for screening telephone calls, e-mails, and requests for meetings.
c) Don't let drop-in visitors or instant messages use too much of your time
d) Follow priorities; work on the most important and urgent tasks first.
e) Do not leave details for others to address or for later

Ans: E
Difficulty: Hard
Ref: Why and How Managers Plan

104. Which of the following statements accurately describe planning time horizons?
a) Short-range plans cover one year or less into the future.
b) Intermediate-range plans cover a time frame of one to two years into the future.
c) Long-range plans cover a time frame of three or more years into the future.
d) All of the above.
e) None of the above.

Ans: D
Difficulty: Moderate
Ref: Types of Plans Used by Managers

105. Which level of management spends more time with long-range planning?
a) Lower-level managers.
b) Middle-level managers.
c) Lower-level and middle-level managers.

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d) Top-level managers.
e) All levels of management.

Ans: D
Difficulty: Easy
Ref: Types of Plans Used by Managers

106. Which of the following are implications of research conducted by Elliot Jacques?
a) People vary in their capabilities to think out, organize, and work through events of different time horizons.
b) Most people work comfortably with only three-month time spans; smaller groups of people work well with a one-year time frame; and only one person in several million can handle a 20-year time frame.
c) Managers working at different levels in the organization must plan over varying time horizons.
d) All of the above.
e) None of the above.

Ans: D
Difficulty: Hard
Ref: Types of Plans Used by Managers

107. _____ keeps making long-range planning shorter and shorter.
a) International time.
b) Strategic time.
c) Internet time.
d) Eastern Standard Time.
e) Daylight Savings Time.

Ans: C
Difficulty: Easy
Ref: Types of Plans Used by Managers

108. _____ plans set broad, comprehensive, and longer-term action directions for the entire organization.
a) Normal.
b) Single-use.
c) Strategic.
d) Tactical.
e) Operational.

Ans: C
Difficulty: Easy
Ref: Types of Plans Used by Managers

109. Strategic planning begins with _____
a) Tactical planning
b) Vision
c) Time management
d) Forecasting

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e) None of the above

Ans: B
Difficulty: Moderate
Ref: Types of Plans Used by Managers

110. A _____helps to implement all or parts of a strategic plan.
a) Strategic plan
b) Tactical plan
c) Long range plan
d) Short range plan
e) Functional plan

Ans: B
Difficulty: Easy
Ref: Types of Plans Used by Managers

111. Company LMN, a toy manufacturer, has discovered that one of its suppliers has used lead based paint on one of its products. It is Thanksgiving week. The Executive committee has assembled a team to devise a plan to mitigate the issue. LMN is using _____
a) Tactical planning
b) Strategic planning
c) Functional planning
d) Production planning
e) Mitigation planning

Ans: A
Difficulty: Hard
Ref: Types of Plans Used by Managers

112. All of the following are examples of functional plans except:
a) Logistics plans
b) Facilities plans
c) Human resources plans
d) Operational plans
e) Financial plans

Ans: D
Difficulty: Moderate
Ref: Types of Plans Used by Managers

113. Plans that define what needs to be done in specific functions or work units in order to implement strategic plans and achieve strategic objectives are called _____.
a) Business plans.
b) Implementing plans.
c) Company plans.

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d) Tactical plans.
e) Operational plans.

Ans: E
Difficulty: Easy
Ref: Types of Plans Used by Managers

114. How are strategic plans and operational plans related?
a) Strategic plans and operational plans are unrelated.
b) Strategic plans define what needs to be done to implement operational plans.
c) Strategic plans are developed to address long-term organizational objectives; operational plans implement strategic plans.
d) Operational plans are developed to meet long-term organizational objectives; strategic plans implement operational plans.
e) Strategic plans set operational objectives; operational plans carry out those objectives.

Ans: C
Difficulty: Hard
Ref: Types of Plans Used by Managers

115. Typical operational plans in a business would include all of the following EXCEPT:
a) Dealing with methods and technology needed by people in their work.
b) Dealing with money required to support various operations.
c) Dealing with requirements of selling and distributing goods or services.
d) Dealing with company growth through mergers and acquisitions.
e) Dealing with recruitment, selection, and placement of people into jobs.

Ans: D
Difficulty: Hard
Ref: Types of Plans Used by Managers

116. Production plans, financial plans, facilities plans, marketing plans, and human resource plans are all examples of _____ plans.
a) Strategic.
b) Operational.
c) Contingency.
d) Standing-use.
e) Flexible.

Ans: B
Difficulty: Moderate
Ref: Types of Plans Used by Managers

117. Policies and procedures that are used repeatedly are called _____.
a) Single-use plans.
b) Standing plans.

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c) Strategic plans.
d) Scheduling plans.
e) Individual plans.

Ans: B
Difficulty: Easy
Ref: Types of Plans Used by Managers

118. _____ communicate broad guidelines for making decisions and taking action in specific circumstances.
a) Rules
b) Procedures
c) Policies
d) Guidelines
e) Regulations

Ans: C
Difficulty: Easy
Ref: Types of Plans Used by Managers

119. _____ or _____ describe exactly what actions are to be taken in specific situations.
a) Rules … procedures.
b) Rules … goals.
c) Procedures … policies.
d) Projects … project management.
e) Objectives … strategies.

Ans: A
Difficulty: Moderate
Ref: Types of Plans Used by Managers

120. _____ are often found in employee manuals as standard operating procedures.
a) Goals.
b) Rules.
c) Budgets.
d) A and B.
e) A and C.

Ans: B
Difficulty: Moderate
Ref: Types of Plans Used by Managers

121. Which of the following statements best distinguishes between procedures and policies?
a) Procedures help obtain organizational objectives; policies do not.
b) Procedures present a plan of action for specific situations; policies are broad guidelines.
c) A procedure is a single-use plan; a policy is a standing plan.
d) Procedures guide ethics; policies guide fair employment.

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e) A procedure is a standing-use plan; a policy is a single-use plan.

Ans: B
Difficulty: Hard
Ref: Types of Plans Used by Managers

122. When a university issues a statement that it "… will not tolerate sexual harassment in relation to the evaluation of employee or student performance …," a _____ plan in the form of an organizational _____ is being communicated.
a) Single-use … procedure.
b) Standing-use … rule.
c) Standing … procedure.
d) Single-use … policy.
e) Standing … policy.

Ans: E
Difficulty: Moderate
Ref: Types of Plans Used by Managers

123. A _____ budget is defined as one that allocates a fixed amount of resources for a specific purpose.
a) Fixed.
b) Flexible.
c) Zero-based.
d) Contingency.
e) Comprehensive.

Ans: A
Difficulty: Easy
Ref: Types of Plans Used by Managers

124. A(n) _____ budget allows the allocation of resources to vary in proportion with various levels of activity.
a) Master.
b) Strategic.
c) Operational.
d) Flexible.
e) Zero-based.

Ans: D
Difficulty: Moderate
Ref: Types of Plans Used by Managers

125. In a chain of discount department stores, personnel needs are estimated in three different ways: (a) for a high demand season, (b) for a moderate demand season, and (c) for a slack season. By taking these three activity levels into account, managers are developing a _____.
a) Fixed budget.
b) Flexible budget.

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c) Zero-based budget.
d) Standing-use plan.
e) Policy.

Ans: B
Difficulty: Hard
Ref: Types of Plans Used by Managers

126. When a project or activity is budgeted in each new budget period as if it were brand new, a(n) _____ budgeting approach is being used.
a) Fixed.
b) Flexible.
c) Zero-based.
d) Contingency.
e) Operational.

Ans: C
Difficulty: Moderate
Ref: Types of Plans Used by Managers

127. _____ refer to one-time activities that have clear beginning and end points.
a) Procedures.
b) Rules.
c) Projects.
d) Budgets.
e) Goals.

Ans: C
Difficulty: Easy
Ref: Types of Plans Used by Managers

128. _____ is the process of predicting what will happen in the future.
a) Contingency planning.
b) Visioning.
c) Identifying objectives.
d) Foretelling.
e) Forecasting.

Ans: E
Difficulty: Easy
Ref: Planning Tools and Techniques

129. Using the opinions of persons with special expertise to make predictions about the future is called _____.
a) Quantitative forecasting.
b) Guesswork.
c) Qualitative forecasting.

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d) Contingency planning.
e) Expert planning.

Ans: C
Difficulty: Moderate
Ref: Planning Tools and Techniques

130. Using mathematical and statistical analyses of historical data and surveys to predict future events is called _____.
a) Quantitative forecasting.
b) Guesswork.
c) Qualitative forecasting.
d) Contingency planning.
e) Expert planning.

Ans: A
Difficulty: Easy
Ref: Planning Tools and Techniques

131. Planning that identifies alternative courses of action that can be implemented to meet the needs of changing circumstances is called _____.
a) Formal planning.
b) Contingency planning.
c) Just-in-time planning.
d) Problem solving.
e) Just-in-case planning.

Ans: B
Difficulty: Moderate
Ref: Planning Tools and Techniques

132. Which of the following statements about contingency planning is FALSE?
a) Contingency planning occurs when planners decide the future will be identical to the past.
b) Contingency planning anticipates events that may occur in the future.
c) Contingency planning specifies different courses of action under different conditions.
d) Contingency planning focuses on early identification of possible shifts in future events.
e) Contingency planning contains trigger points that indicate when preselected alternative plans should be activated.

Ans: A
Difficulty: Hard
Ref: Planning Tools and Techniques

133. _____ is a long-term version of contingency planning.
a) Forecasting.
b) Benchmarking.

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c) Participation.
d) Scenario planning.
e) Flexible budgeting.

Ans: D
Difficulty: Moderate
Ref: Planning Tools and Techniques

134. Identifying alternative future states of affairs that may occur and then developing plans to deal with each case should it actually occur is known as _____.
a) Forecasting.
b) Scenario planning.
c) Benchmarking.
d) Participation.
e) Contingency planning.

Ans: B
Difficulty: Moderate
Ref: Planning Tools and Techniques

135. Royal Dutch/Shell uses scenario planning to explore what the company would do if and when its oil supplies run out. For Royal Dutch/Shell, the benefits of scenario planning include which of the following?
a) It helps the organization to plan ahead to make major adjustments in strategies and operations.
b) It conditions the company's executives to think.
c) It enables the company to be better prepared than competitors for future shocks.
d) All of the above.
e) None of the above.

Ans: D
Difficulty: Moderate
Ref: Planning Tools and Techniques

136. _____ is a technique that makes use of external comparisons to better evaluate one's current performance and identify possible actions for the future.
a) Contingency planning.
b) Scenario planning.
c) Forecasting.
d) Management by objectives.
e) Benchmarking.

Ans: E
Difficulty: Moderate
Ref: Planning Tools and Techniques

137. _____ is a planning technique that makes use of external comparisons to determine practices used by best-in-class companies in an effort to improve performance and identify possible actions for the future.

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a) Contingency planning.
b) Benchmarking.
c) Scenario planning.
d) Forecasting.
e) Management by objectives.

Ans: B
Difficulty: Moderate
Ref: Planning Tools and Techniques

138. The purpose of _____ is to find out what other people and organizations are doing very well, and planning how to incorporate these ideas into one's own operations.
a) Contingency planning.
b) Scenario planning.
c) Benchmarking.
d) Forecasting.
e) Participation.

Ans: C
Difficulty: Moderate
Ref: Planning Tools and Techniques

139. _____ refer to those things that are done by both competitors and non-competitors that enable them to achieve superior performance.
a) Competitive goodies.
b) Superior goals.
c) Non-competitive objectives.
d) Best practices.
e) Operating activities.

Ans: D
Difficulty: Moderate
Ref: Planning Tools and Techniques

140. _____ are individuals who lead and coordinate the planning function for an organization as a whole or for one of its major components.
a) Staff planners.
b) Project managers.
c) Middle managers.
d) Line managers.
e) Collaborators.

Ans: A
Difficulty: Moderate
Ref: Planning Tools and Techniques

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141. An important risk associated with the use of staff planners is the _____ that can develop between staff planners and line managers.
a) resistance to assistance
b) communication gap
c) skill discrepancies
d) argument
e) identity crisis

Ans: B
Difficulty: Moderate
Ref: Planning Tools and Techniques

142. According to Mankins and Steele writing in the Harvard Business Review, planning that is only engaged in periodically by organizations is called:
a) Calendar driven
b) Strategy driven
c) Tactic driven
d) Functionally driven
e) Cost driven

Ans: A
Difficulty: Hard
Ref: Types of Plans Used by Managers

143. Great goals – those that result in plans being successfully implemented with high performance – are all of the following except:
a) Specific
b) Timely
c) Measurable
d) Challenging
e) Functional

Ans: A
Difficulty: Moderate
Ref: Implementing Plans

144. A means-ends chain is also known as a _____.
a) Hierarchy of authority.
b) Hierarchy of objectives.
c) Control system.
d) Responsibility structure.
e) Zero-based budget.

Ans: B
Difficulty: Moderate
Ref: Implementing Plans

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145. In the means-ends chain, _____ objectives are ends that are directly tied to _____ objectives as the means for their accomplishment.
a) Lower-level … lower-level.
b) Lower-level … higher-level.
c) Moderate-level … moderate-level
d) Higher-level … lower-level.
e) Higher-level … higher-level.

Ans: D
Difficulty: Moderate
Ref: Implementing Plans

146. _____ is a structured process of regular communication in which a supervisor/team leader and subordinates/team members jointly set performance objectives and review results accomplished.
a) Management by goals (MBG).
b) Management by objectives (MBO).
c) Performance management system (PMS).
d) Objective setting and review (OSR).
e) Performance Planning and Evaluations (PPE).

Ans: B
Difficulty: Moderate
Ref: Implementing Plans

147. In management by objectives (MBO), the supervisor/team leader and subordinates/team members formally agree on all of the following except _____.
a) Performance objectives for a specific time period.
b) Plans for accomplishing the performance objectives.
c) Standards for measuring the accomplishment of objectives.
d) Procedures for reviewing performance results.
e) Procedures for distributing rewards based on performance results.

Ans: E
Difficulty: Hard
Ref: Implementing Plans

148. In a management by objectives approach, the supervisor/team leader and subordinates/team members _____.
a) Jointly plan, individually act, and individually control.
b) Individually plan, individually act, and jointly control.
c) Jointly plan, individually act, and jointly control.
d) Jointly plan, jointly act, and individually control.
e) Jointly plan, jointly act, and jointly control.

Ans: C
Difficulty: Hard
Ref: Implementing Plans

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149. In management by objectives (MBO), the objectives that are agreed on by the supervisor/team leader and the subordinates/team members can involve _____.
a) Maintenance.
b) Improvement.
c) Personal development.
d) All of the above.
e) None of the above.

Ans: D
Difficulty: Moderate
Ref: Implementing Plans

150. On those jobs where performance is difficult to quantify, performance objectives can be stated as _____.
a) Short-range plans.
b) Benchmarks.
c) Verifiable work activities.
d) Measurable end products.
e) Deliverables.

Ans: C
Difficulty: Moderate
Ref: Implementing Plans

151. Which of the following is not one of the advantages of management by objectives (MBO)?
a) MBO clearly focuses a person's work efforts on the most important tasks and objectives.
b) MBO clearly focuses a person's work efforts on the activities that are likely to result in the greatest rewards.
c) MBO focuses a supervisor's work efforts on areas of support that can help subordinates meet agreed-upon objectives.
d) MBO contributes to relationship building.
e) MBO encourages self-management rather than external supervisory control.

Ans: B
Difficulty: Hard
Ref: Implementing Plans

152. _____ requires that the planning process include people who will be affected by the resulting plans and/or will be asked to help implement them.
a) Contingency planning.
b) Scenario planning.
c) Strategic planning.
d) Participatory planning.
e) Benchmarking.

Ans: D
Difficulty: Moderate

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Ref: Implementing Plans

153. The use of participatory planning can produce all of the following benefits EXCEPT:
a) Increase creativity in planning.
b) Increase commitment of people for planning.
c) Increase acceptance of chosen alternatives.
d) Increase conflict over scarce resources.
e) Increase information available for planning.

Ans: D
Difficulty: Moderate
Ref: Implementing Plans

Essay Questions

154. Identify and describe the steps in the planning process.

Ans: The planning process consists of five steps that are followed in a sequential fashion. These steps are as follows:
- Step 1: define your objectives — Identify desired outcomes or results in very specific ways. Know where you want to go; be specific enough so that you will know you have arrived when you get there, or know how far off the mark you are at various points along the way.
- Step 2: determine where you stand vis-à-vis objectives — Evaluate current accomplishments relative to the desired results. Know where you stand in reaching the objectives; know what strengths work in your favor and what weaknesses may hold you back.
- Step 3: develop premises regarding future conditions — Try to anticipate future events. Generate alternative scenarios for what may happen; identify for each scenario things that may help or hinder progress toward your objectives.
- Step 4: analyze and choose among action alternatives — List and carefully evaluate the possible actions that may be taken. Choose the alternative(s) most likely to accomplish your objectives; decide step by step what must be done to follow the chosen course of action.
- Step 5: implement the plan and evaluate results — Take action and carefully measure your progress toward objectives. Do what the plan requires; evaluate results; take corrective actions and revise plans as needed.

Difficulty: Moderate
Ref: Why and How Managers Plan

155. Describe the benefits of planning for individuals and organizations.

Ans: The benefits of planning for individuals and organizations include the following:
- Planning improves focus and flexibility. Focus and flexibility are important to the performance of both people and organizations in highly competitive and dynamic environments.
- Planning improves action orientation. Planning keeps people and organizations focused on the actions that are needed to stay competitive and to become better at what they are doing. Planning helps make people and organizations more oriented toward results, priorities, advantages, and change.

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- Planning improves coordination. Planning helps individuals, groups, and subsystems within organizations make meaningful contributions to the organization as a whole, even as they pursue their specific tasks and objectives.
- Planning improves control. Planning facilitates control by defining objectives and desired performance results, and identifying specific actions through which they are to be pursued.
- Planning improves time management. Each day, managers are bombarded by a multitude of tasks and demands. They work in a setting of frequent interruptions, crises, and unexpected events. Consequently, it can be easy to lose track of objectives and fall prey to "time wasters."

Difficulty: Moderate
Ref: Why and How Managers Plan

156. Describe the types of plans used by managers.

Ans:

- Short-Range and Long-Range Plans: short-range plans cover 1 year or less, intermediate-range plans cover 1 to 2 years, long-range plans look 3 or more years into the future. Top management is most likely to be involved in setting long-range plans.
- Strategic and Operational Plans: strategic plans set broad, comprehensive and longer-term action directions. Operational plans define what needs to be done in specific functions or work units to implement strategic plans. Also include, production plans, financial plans, facilities plans, marketing plans and human resource plans.
- Policies and Procedures: Standing plans, in the form of organizational policies and procedures are designed for use over and over again. A policy communicates broad guidelines for making decisions and taking action in specific circumstances. Rules or procedures describe exactly what actions are to be taken in specific situations.
- Budgets and Projects: Single-use plans are used once, serving the needs and objectives of well-defined situations in a timely manner. Budges are single-use plans that commit resources to activities, projects, or programs. A fixed budget allocates a fixed amount of resources for a specific purpose. A flexible budget allows the allocation of resources to vary in proportion with various levels of activity. A zero-based budget allocates resources as if each budget was brand new. Projects are one-time activities that have clear beginning and end points.

Difficulty: Moderate
Ref: Types of Plans Used by Managers

157. Describe the difference between strategic and tactical plans.

Ans: Strategic plans are longer term plans that set broad and comprehensive directions for an organization, and that create a framework for allocating resources for maximum long term performance impact. Strategic planning begins with a vision that clarifies the purpose of the organization and expresses what it hopes to be in the future. It involves determining the goals and objectives that will be pursued in order to accomplish that vision. Also, it specifies how the organization will be positioned for competitive advantage in its external environment to accomplish those goals and objectives.
Tactical plans are developed and used to implement strategic plans. They tend to be intermediate term plans that specify step by step means for using the organization's resources to put strategies into action. In business, tactical plans often take the form of functional plans that indicate how different components of the enterprise will contribute to the overall strategy. Such functional plans might include:

- Production plans—dealing with the methods and technology needed by
- people in their work;
- Financial plans—dealing with money required to support various operations;
- Facilities plans—dealing with facilities and work layouts;
- Logistics plans—dealing with suppliers and the flow of raw materials and other product inputs;

Difficulty: Moderate

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Ref: Types of Plans Used by Managers

158. Identify and briefly describe each of the six major planning tools and techniques that managers use and give examples of how they are used.

Ans: The six major planning tools and techniques that managers use are identified and described below:
- Forecasting is the process of making assumptions about what will happen in the future
- Contingency planning involves identifying alternative courses of action that can be implemented, if and when an original plan proves inadequate because of changing circumstances.
- Scenario planning is a long-term version of contingency planning that involves identifying several alternative future scenarios or states of affairs that may occur, and then making plans to deal with each should it actually occur.
- Benchmarking is a technique that makes use of external comparisons to better evaluate current performance and identify possible future actions.
- Participative planning requires that the planning process include people who will be affected by the resulting plans and/or will be asked to help implement them.
- Staff planners are persons who take responsibility for leading and coordinating the planning function for the total organization or one of its major components.

Difficulty: Hard
Ref: Planning Tools and Techniques

159. Assume that you and your professor use MBO to establish objectives for your performance in a course and to monitor your progress on achieving those objectives. Explain how the MBO process could work in this situation. What types of objectives would be set? How would objective attainment be assessed?

Ans: Management by objectives (MBO) is a structured process of regular communication in which a supervisor/team leader and subordinates/team members jointly set performance objectives for the subordinate/team members and review results that are accomplished. MBO involves a formal agreement between a supervisor/team leader and subordinates/team members concerning:
- The subordinates'/team members' performance objectives for a given time period.
- The plans through which they will be accomplished.
- Standards for measuring whether or not they have been accomplished.
- Procedures for reviewing results.

The MBO process follows the following steps:
- The supervisor/team leader and subordinates/team members jointly set objectives, establish standards, and choose actions.
- The subordinates/team members act individually to perform the agreed upon tasks; and the supervisor/team leader acts individually to provide necessary support.
- The supervisor/team leader and subordinates/team members jointly review results, discuss implications, and renew the MBO cycle.

The students should use the preceding material to guide their discussion of how an MOB contract might be established and administered between a student and a professor. Additionally, the students should use the concepts of improvement objectives, personal development objectives, and maintenance objectives in discussing the objectives to be set. Discussion should also focus on appropriate means for assessing the objectives that the students set.
Difficulty: Moderate
Ref: Implementing Plans

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160. Goals should be aligned so that employees achieving their individual goals will contribute to their department's achieving its goals. Moreover, goals must contain certain attributes in order to be implemented successfully. These important factors help make goals integral to successful organization performance. Describe the attributes that goals must have. How does goal alignment improve an organization's performance?

Ans: Smart goals are clear and concise and therefore more likely to be understood. The components of SMART goals are:
Specific—clearly target key results and outcomes to be accomplished
Measurable—described so results can be measured without ambiguity
Attainable—challenging, including a stretch factor that moves toward real gains, yet, realistic and possible to achieve
Referred to - goals need to be referred to regularly to keep people focused on the task at hand
Timely—linked to specific timetables and "due dates"
Goals set anywhere in an organization should ideally help advance its overall mission or purpose. Goals should be aligned so that employees achieving their individual goals will contribute to their department's achieving its goals. Department goal achievement should contribute to the achievement of enterprise-wide strategic goals. Enterprise-wide strategic goals achievement should support the organization's mission and vision. Each member of the enterprise contributes something different, but everyone's efforts must pull in the same direction toward a common goal if the organization is to be successful.
Difficulty: Moderate
Ref: Implementing Plans

161. Explain how participation and involvement can lead to effective management planning.

Ans: Planning is the process of setting performance objectives and determining what should be done to accomplish them. Participation and involvement open the planning process to valuable inputs from people whose efforts are essential to the effective implementation of plans.
One of the things that research is most clear about is that when people participate in setting goals they gain motivation to work hard to accomplish them. Whether the focus is on planning for a team, a large division, or the entire organization, involving more people creates benefits. It goes a long way toward gaining their commitment to work hard and support the implementation of plans.
Involvement and participation in planning changes increases the probability that the concerns and interests of the parties involved are accounted for and this reduces their resistance to change. Participation can increase the creativity and information available for planning. It can also increase the understanding and acceptance of plans, as well as commitment to their success. Even though participatory planning takes more time, it can improve results by improving implementation of plans.
Through involvement, people buy into proposed changes and the change process. Participation leads to better acceptance and hence stronger commitment to implement the changes successfully and make them work.
Difficulty: Moderate
Ref: Why and How Managers Plan and Implementing Plans

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Chapter 7: Strategy and Strategic Management

True/False

1. Howard Schultz's vision for Starbuck's was to build it into a national chain of stores.

Ans: False
Difficulty: Easy
Ref: Learning From Others

Competitive Advantage

2. An organization with a competitive advantage is operating with an attribute or combination of attributes that allows it to outperform its competitors.

Ans: True
Difficulty: Moderate
Ref: Strategic Management

3. A sustainable competitive advantage is one that is difficult for competitors to imitate.

Ans: True
Difficulty: Easy
Ref: Strategic Management

Strategy and Strategic Intent

4. A strategy is a comprehensive action plan that identifies long-term direction for an organization and guides resource utilization to accomplish goals with sustainable competitive advantage.

Ans: True
Difficulty: Easy
Ref: Strategic Management

5. Typical sources of competitive advantage include cost and quality, knowledge and speed, barriers to entry, and financial resources.

Ans: True

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Difficulty: Moderate
Ref: Strategic Management

6. A strategy is a specific method for accomplishing an organization's goals.

Ans: False
Difficulty: Moderate
Ref: Strategic Management

7. Strategy is a "best guess" about what must be done for future success in the face of rivalry and changing conditions in a competitive environment.

Ans: True
Difficulty: Moderate
Ref: Strategic Management

8. Strategic intent refers to an organization focusing its energies on a unifying and compelling target.

Ans: True
Difficulty: Moderate
Ref: Strategic Management

Levels of Strategy

9. Corporate strategy directs the organization as a whole toward sustainable competitive advantage.

Ans: True
Difficulty: Moderate
Ref: Strategic Management

10. Corporate strategy focuses on the strategic question: "In what industries and markets should we compete?"

Ans: True
Difficulty: Moderate
Ref: Strategic Management

11. Corporate strategy answers the question: "How can we best utilize resources to implement our business strategy?"

Ans: False

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Difficulty: Moderate
Ref: Strategic Management

12. Business strategy describes the strategy for a single business unit or product line.

Ans: True
Difficulty: Easy
Ref: Strategic Management

13. A strategic business unit describes a major business that operates with some autonomy within a larger enterprise.

Ans: True
Difficulty: Easy
Ref: Strategic Management

14. Functional strategy, business strategy, and corporate strategy should be integrated in a means-end fashion to accomplish objectives and create sustainable competitive advantage.

Ans: True
Difficulty: Moderate
Ref: Strategic Management

15. Functional strategy addresses the question: "How are we going to compete for customers within this industry and market?"

Ans: False
Difficulty: Moderate
Ref: Strategic Management

16. Functional strategy guides the use of resources to implement business strategy.

Ans: True
Difficulty: Easy
Ref: Strategic Management

The Strategic Management Process

17. Every strategy maker must remember that at the same time he/she is trying to create a competitive advantage for an organization, competitors are attempting to do the same.

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Ans: True
Difficulty: Moderate
Ref: Strategic Management

18. Strategic management is the process of formulating and implementing strategies to accomplish long-term goals and sustain competitive advantage.

Ans: True
Difficulty: Moderate
Ref: Strategic Management

19. Strategic implementation is the processes of putting strategies into action.

Ans: True
Difficulty: Easy
Ref: Strategic Management

20. The essence of strategic management is looking ahead, understanding the environment and the organization, effectively positioning the organization for competitive advantage in changing times, and then achieving it.

Ans: True
Difficulty: Moderate
Ref: Strategic Management

21. Strategy formulation and strategy implementation are the two major managerial responsibilities of the strategic management process.

Ans: True
Difficulty: Easy
Ref: Strategic Management

22. As part of the strategic management process, strategy formulation involves identifying and analyzing the existing mission, objectives, and strategies; analyzing the industry and external environment as well as organizational resources and capabilities; and revising the mission and objectives and selecting new strategies.

Ans: True
Difficulty: Hard
Ref: Strategic Management

23. As part of the strategic management process, strategy implementation involves executing strategies through corporate governance, management systems and practices, and strategic leadership.

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Ans: True
Difficulty: Moderate
Ref: Strategic Management

24. As part of the strategic management process, strategy formulation involves exercising strategic control and reviewing the strategic management process.

Ans: False
Difficulty: Moderate
Ref: Strategic Management

Analysis of Mission, Values, and Objectives

25. Peter Drucker indicates that managers should ask five questions in the process of formulating an organization's strategy. These questions are: What is our business mission? Who are our customers? What do our customers consider value? What have been our results? What is our plan?

Ans: True
Difficulty: Moderate
Ref: Essentials of Strategic Analysis

26. Important strategic management tasks include: identifying organizational mission and objectives; assessing current performance in relation to mission and objectives; creating strategic plans to accomplish mission and objectives; and implementing those plans.

Ans: True
Difficulty: Moderate
Ref: Essentials of Strategic Analysis

27. The strategic management process begins with a careful assessment and clarification of the organization's mission, values and objectives.

Ans: True
Difficulty: Easy
Ref: Essentials of Strategic Analysis

28. An organization's mission is its basic reason for existence in society.

Ans: True
Difficulty: Easy
Ref: Essentials of Strategic Analysis

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29. Michael Hammer recommends that an organization's mission statement should address the following questions: What are we moving to? What is our dream? What kind of difference do we want to make in the world? What do we want to be known for?

Ans: True
Difficulty: Moderate
Ref: Essentials of Strategic Analysis

30. A good mission statement should describe the organization's underlying philosophy and should clearly identify the domain in which the organization intends to operate.

Ans: True
Difficulty: Moderate
Ref: Essentials of Strategic Analysis

31. Stakeholders are individuals and groups who are directly affected by the organization and its strategic accomplishments.

Ans: True
Difficulty: Moderate
Ref: Essentials of Strategic Analysis

32. As part of the strategic planning process, a strategic constituencies analysis is concerned with assessing the interests of each group of stakeholders as well as the organization's record in responding to them.

Ans: True
Difficulty: Moderate
Ref: Essentials of Strategic Analysis

33. Organizational culture refers to the predominant value system for an organization as a whole.

Ans: True
Difficulty: Easy
Ref: Essentials of Strategic Analysis

34. Strong core values give character to an organization, back up the mission statement, and help guide members' behavior in meaningful and consistent ways.

Ans: True
Difficulty: Easy
Ref: Essentials of Strategic Analysis

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35. Operating objectives reflect the organization's basic purpose in society.

Ans: False
Difficulty: Easy
Ref: Essentials of Strategic Analysis

36. Operating objectives are shorter-term targets against which actual performance results can be measured as indicators of progress and continuous improvement.

Ans: True
Difficulty: Moderate
Ref: Essentials of Strategic Analysis

37. According to Peter Drucker, the common operating objectives for businesses include: profitability, market share, human talent, financial health, cost efficiency, product quality, innovation, and social responsibility.

Ans: True
Difficulty: Moderate
Ref: Essentials of Strategic Analysis

SWOT Analysis of organization and environment

38. A business can use a strategic SWOT analysis to assess its sustainability, wealth, operations, and technology.

Ans: False
Difficulty: Moderate
Ref: Essentials of Strategic Analysis

39. A SWOT analysis involves an assessment of organizational strengths and weaknesses as well as environmental opportunities and threats.

Ans: True
Difficulty: Moderate
Ref: Essentials of Strategic Analysis

40. In evaluating the organizational resources and capabilities, a major goal is to identify core competencies.

Ans: True
Difficulty: Moderate

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Ref: Essentials of Strategic Analysis

41. Core competencies refer to special strengths that the organization has or things the organization does exceptionally well in comparison with competitors.

Ans: True
Difficulty: Moderate
Ref: Essentials of Strategic Analysis

42. In conducting a SWOT analysis, the presence of manufacturing efficiencies, a skilled workforce, a good market share, strong financing, and a superior reputation would be identified as a company's strengths.

Ans: True
Difficulty: Moderate
Ref: Essentials of Strategic Analysis

43. In conducting a SWOT analysis, issues regarding outdated facilities, inadequate research and development, obsolete technologies, weak management, and past planning failures would be addressed in analyzing the company's weaknesses.

Ans: True
Difficulty: Moderate
Ref: Essentials of Strategic Analysis

44. Potential opportunities and threats can be in identified in the macro environment and the industry environment.

Ans: True
Difficulty: Moderate
Ref: Essentials of Strategic Analysis

45. In a SWOT analysis, industry environmental factors include developments in technology and government, social structures and population demographics, the global economy, and the natural environment.

Ans: False
Difficulty: Moderate
Ref: Essentials of Strategic Analysis

46. In conducting a SWOT analysis, a company's opportunities should be assessed in terms of new competitors, possible resource shortages, changing market tastes, substitute products, and new regulations.

Ans: False
Difficulty: Moderate

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Ref: Essentials of Strategic Analysis

Analysis of Rivalry and Industry Attractiveness

47. An attractive industry is one with businesses focusing on cosmetics and high fashion.

Ans: False
Difficulty: Moderate
Ref: Essentials of Strategic Analysis

48. According to Michael Porter, the five strategic forces that should be considered in conducting an industry analysis are: industry competitors, new entrants, suppliers, customers, and substitutes.

Ans: True
Difficulty: Moderate
Ref: Essentials of Strategic Analysis

49. From the perspective of Porter's five forces model, an attractive industry is one in which intense rivalry already exists among competitors, there are substantial threats in terms of new competitors and substitute products, and suppliers and buyers are very powerful in bargaining over prices and quality.

Ans: False
Difficulty: Hard
Ref: Essentials of Strategic Analysis

50. From the perspective of Porter's five forces model, an unattractive industry is one with less intense competition, few threats from new entrants or substitutes, and low bargaining power among suppliers and buyers.

Ans: False
Difficulty: Moderate
Ref: Essentials of Strategic Analysis

Grand or Master Strategies

51. Any growth strategy must be well planned and well managed to achieve the desired results.

Ans: True
Difficulty: Easy
Ref: Corporate-Level Strategy Formulation

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52. Terms such as "acquisition," "merger," "diversification," and "global expansion" signal an underlying growth strategy.

Ans: True
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

53. A stability strategy maintains current operations without substantial change.

Ans: True
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

54. A renewal strategy seeks to correct weaknesses by making changes to the current ways of operating.

Ans: True
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

55. Renewal strategies are sometimes also called "offense" strategies.

Ans: False
Difficulty: Easy
Ref: Corporate-Level Strategy Formulation

56. Liquidation involves selling off parts of an organization to refocus on core competencies, cut costs, and improve operating efficiencies.

Ans: False
Difficulty: Easy
Ref: Corporate-Level Strategy Formulation

57. A combination strategy incorporates one or more of the other strategies simultaneously.

Ans: True
Difficulty: Easy
Ref: Corporate-Level Strategy Formulation

Growth and Diversification Strategies

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58. A diversification strategy involves growth through expansion within the same business area.

Ans: False
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

59. Related diversification involves growth by acquiring new businesses or entering business areas that are related to what the organization already does.

Ans: True
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

60. Unrelated diversification involves growth by acquiring new businesses or entering business areas that are different from what the organization already does.

Ans: True
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

61. Concentration is growth within the same business area.

Ans: True
Difficulty: Easy
Ref: Corporate-Level Strategy Formulation

62. Diversification brings the difficulties of complexity and the need to manage and integrate very dissimilar operations.

Ans: True
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

63. Diversification through vertical integration occurs where a business acquires suppliers or distributors.

Ans: True
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

Restructuring Strategies

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64. A restructuring strategy is used where changes in the scale and/or mix of operations are implemented in order to gain both short-term efficiencies and time to prepare new strategies for improving future performance.

Ans: True
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

65. A turn-around strategy attempts to improve performance by maintaining a stable mix and/or scale of operations.

Ans: False
Difficulty: Easy
Ref: Corporate-Level Strategy Formulation

66. Downsizing is a retrenchment strategy that decreases the size of operations to reduce costs and improve operating efficiency.

Ans: True
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

67. Downsizing with a strategic focus is sometimes referred to as "rightsizing."

Ans: True
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

Restructuring Strategies

68. A globalization strategy reflects an ethnocentric view that assumes everyone everywhere wants the same thing that one has developed and sold successfully at home.

Ans: True
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

69. A globalization strategy seeks balance among efficiencies in global operations and responsiveness to local markets.

Ans: False

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Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

70. A multidomestic strategy tries to customize products and their advertising as much as possible to fit the local needs of different countries or regions.

Ans: True
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

71. A multidomestic strategy reflects a geocentric view that respects diversity and values talents around the world.

Ans: False
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

72. A transnational strategy tries to operate without a strong national identity and to blend with the global economy.

Ans: True
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

73. A transnational strategy reflects a polycentric view that that shows respect for both market diversity and the capabilities of locals to best interpret their strategic implications.

Ans: False
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

Cooperative Strategies

74. Strategic alliances occur when two or more organizations join together in partnership to pursue an area of mutual interest.

Ans: True
Difficulty: Easy
Ref: Corporate-Level Strategy Formulation

75. A strategic alliance that involves the development of preferred supplier relationships to guarantee a smooth and timely flow of quality materials among partners is known as an outsourcing alliance.

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Ans: False
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

76. A strategic alliance that involves firms joining together for sales and distribution of products or services is known as a distribution alliance.

Ans: True
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

77. Co-opetition is the strategy of working with competitors on mutually beneficial projects.

Ans: True
Difficulty: Easy
Ref: Corporate-Level Strategy Formulation

78. An e-business strategy is the strategic use of the Internet to gain competitive advantage.

Ans: True
Difficulty: Easy
Ref: Corporate-Level Strategy Formulation

E-Business Strategies

79. B2B strategies use information technology and Web portals to link organizations with their customers.

Ans: False
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

80. B2C strategies involve the use of information technology and Web portals to vertically link organizations with members of their supply chains.

Ans: False
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

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81. The subscription model is a Web-based business model that brings buyers and sellers together to make transactions.

Ans: False
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

82. The community model is a Web-based business model that provides information or services while generating revenue from advertising.

Ans: True
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

Strategic Portfolio Planning

83. Portfolio planning seeks the best mix of investments among alternative business opportunities, in addition to helping allocate scare resources among competing uses.

Ans: True
Difficulty: Hard
Ref: Corporate-Level Strategy Formulation

84. The BCG Matrix analyzes business opportunities according to market growth rate and share.

Ans: True
Difficulty: Easy
Ref: Corporate-Level Strategy Formulation

85. The four business conditions of the BCG Matrix are stars, cash cows, dogs, sure bets.

Ans: False
Difficulty: Hard
Ref: Corporate-Level Strategy Formulation

86. A "cash cow" on the BCG Matrix is a high market share business in a low growth market.

Ans: True
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

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87. A "question mark" on the BCG Matrix is a low market share business in a high growth market.

Ans: True
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

88. A "dog" on the BCG Matrix is a high market share business in a high growth market.

Ans: False
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

89. A "Star" on the BCG Matrix is a low market share business in a low growth market.

Ans: False
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

Competitive Advantage

90. According to the text, the major opportunities for developing competitive advantage have traditionally included cost, quality, knowledge, timing, barriers to entry, and financial resources.

Ans: True
Difficulty: Moderate
Ref: Strategic Management

91. Any competitive advantage that is gained in the today in our intensely competitive global economy should be considered to be temporary and is likely to change in the future.

Ans: True
Difficulty: Moderate
Ref: Strategic Management

Competitive Strategies

92. Porter's generic strategies framework combines the market scope and sources of competitive advantage which generate four generic strategies that an organization can pursue to gain a strategic advantage.

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Ans: True
Difficulty: Moderate
Ref: Business-Level Strategy Formulation

93. In Michael Porter's generic strategies model, market scope measures the breadth or narrowness of the target market, and source of competitive advantage that reflects whether the advantage is sought through lower price or product uniqueness.

Ans: True
Difficulty: Moderate
Ref: Business-Level Strategy Formulation

94. Michael Porter's generic strategies model identifies four fundamental strategies: differentiation, cost leadership, focused differentiation, and focused cost leadership.

Ans: True
Difficulty: Moderate
Ref: Business-Level Strategy Formulation

Differentiation Strategy

95. Organizations pursuing a differentiation strategy seek a competitive advantage by directing the organization's resources and attention toward distinguishing its products from those of the competition.

Ans: True
Difficulty: Moderate
Ref: Business-Level Strategy Formulation

96. The objective of the differentiation strategy is to attract customers who become loyal to the organization's products and lose interest in those of competitors.

Ans: True
Difficulty: Moderate
Ref: Business-Level Strategy Formulation

Cost Leadership Strategy

97. Organizations pursuing a cost leadership strategy seek a competitive advantage by directing the organization's resources and attention toward minimizing costs to operate more efficiently than the competition.

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Ans: True
Difficulty: Moderate
Ref: Business-Level Strategy Formulation

98. The objective of the cost leadership strategy is to continuously improve the operating efficiencies of production, distribution, and other organizational systems.

Ans: True
Difficulty: Moderate
Ref: Business-Level Strategy Formulation

Focus Strategy

99. A focus strategy concentrates on serving a unique market segment better than anyone else.

Ans: True
Difficulty: Moderate
Ref: Business-Level Strategy Formulation

100. The objective of the focus strategy is to target organizational resources and expertise toward a particular customer group, geographical region, or product or service line.

Ans: True
Difficulty: Moderate
Ref: Business-Level Strategy Formulation

101. Organizations pursuing a focused differentiation strategy seek a competitive advantage by concentrating on one special market segment and trying to be the lowest cost provider in that segment.

Ans: False
Difficulty: Moderate
Ref: Business-Level Strategy Formulation

102. Organizations pursuing a focused cost leadership strategy seek a competitive advantage by concentrating on one special market segment and trying to offer customers in that segment a unique product.

Ans: False
Difficulty: Moderate
Ref: Business-Level Strategy Formulation

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103. "You can compete on price, or you can compete on product, but you can't compete on both," is a marketer's statement that Porter believes is generally true.

Ans: True
Difficulty: Hard
Ref: Business-Level Strategy Formulation

Strategic Incrementalism

104. Incrementalism is the view that strategies take shape, change, and develop over time as modest adjustments to past patterns.

Ans: True
Difficulty: Moderate
Ref: Business-Level Strategy Formulation

105. Modest and incremental changes in strategy occur as managers learn from experience and make adjustments.

Ans: True
Difficulty: Moderate
Ref: Business-Level Strategy Formulation

106. Emergent strategies develop progressively over time as managers make "streams" of decisions while they learn from and respond to work situations.

Ans: True
Difficulty: Moderate
Ref: Business-Level Strategy Formulation

107. Emergent strategic planning enables managers to hone their planning "craftsmanship" by developing and implementing incremental changes, and by drawing on their responses to and learning from work situations.

Ans: True
Difficulty: Moderate
Ref: Business-Level Strategy Formulation

Management Practices and Systems

108. Successful strategies require that the entire organization and all of its resources will be mobilized in support of the strategies.

Ans: True

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Difficulty: Easy
Ref: Strategy Implementation

109. Successful strategies require supporting structures, well-designed tasks and workflows, and the right people.

Ans: True
Difficulty: Easy
Ref: Strategy Implementation

110. Successful strategies require leaders who can energize people and build performance commitments.

Ans: True
Difficulty: Easy
Ref: Strategy Implementation

111. Poor handling of the ways in which various aspects of strategic planning are accomplished constitutes a strategic planning pitfall known as "failures of substance."

Ans: False
Difficulty: Moderate
Ref: Strategy Implementation

112. The strategic planning pitfall known as "failures of process" occurs when inadequate attention is paid to the analysis of mission and purpose, core values and corporate culture, organizational strengths and weaknesses, and environmental opportunities and threats.

Ans: False
Difficulty: Moderate
Ref: Strategy Implementation

113. The lack of participation error is the failure to include key persons in the strategic planning effort.

Ans: True
Difficulty: Moderate
Ref: Strategy Implementation

114. Goal displacement is the tendency to get so bogged down in details that the planning process becomes an end in itself instead of a means to an end.

Ans: True
Difficulty: Moderate
Ref: Strategy Implementation

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Corporate Governance

115. Corporate governance refers to the system of control and performance monitoring of top management that is maintained by boards of directors and other major stakeholder representatives.

Ans: True
Difficulty: Moderate
Ref: Strategy Implementation

116. Boards of directors may be criticized for being too compliant in endorsing or confirming the strategic initiatives of top management.

Ans: True
Difficulty: Moderate
Ref: Strategy Implementation

117. Board members are increasingly expected to exercise control and take active roles in ensuring that strategic management of an enterprise is successful; and top management probably feels more performance accountability to boards of directors and other stakeholders.

Ans: True
Difficulty: Moderate
Ref: Strategy Implementation

Strategic Leadership

118. Strategic leadership refers to a leader's capability to inspire people to successfully engage in a process of continuous change, refinement, and implementation of organizational strategies.

Ans: True
Difficulty: Moderate
Ref: Strategy Implementation

119. The critical tasks of strategic leadership include: (a) being a guardian of tradeoffs by ensuring that the organization's resources are allocated in ways consistent with the strategy, and (b) creating a sense of urgency by not allowing the organization and its members to grow slow and complacent.

Ans: True
Difficulty: Moderate

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Ref: Strategy Implementation

120. Effective strategic leadership can occur without the leader being a teacher of the strategy or being a great communicator to ensure that everyone understands the strategy.

Ans: False
Difficulty: Moderate
Ref: Strategy Implementation

121. Because the challenges faced by contemporary organizations are so complex, strategic management is increasingly viewed as a team leadership responsibility.

Ans: True
Difficulty: Moderate
Ref: Strategy Implementation

122. The portfolio planning approach seeks the best mix of investments of scarce resources among competing business opportunities.

Ans: True
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

Multiple-Choice

123. According to the text, the major opportunities for developing competitive advantage have traditionally included all of the following except:
a) Cost and quality.
b) Knowledge and timing.
c) Barriers to entry.
d) Financial resources.
e) Social progress.

Ans: E
Difficulty: Hard
Ref: Strategic Management

124. Which of the following situational descriptions does not describe one of the four major opportunities for developing sustainable competitive advantage that are identified in the text?
a) Sustainable competitive advantage occurs where strategy drives an emphasis on operating and/or product or service quality.

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b) Sustainable competitive advantage occurs where strategy drives an emphasis on innovation and speed of delivery to market for new ideas.
c) Sustainable competitive advantage occurs where strategy drives an emphasis on securing high quality human resources.
d) Sustainable competitive advantage occurs where strategy drives an emphasis on creating a market stronghold that is protected from entry by others.
e) Sustainable competitive advantage occurs where strategy drives an emphasis on investments and/or loss sustainment that competitors can't match.

Ans: C
Difficulty: Hard
Ref: Strategic Management

125. A comprehensive plan of action that identifies long-term direction for an organization and guides resource utilization to accomplish an organization's goals with sustainable competitive advantage is known as the _____.
a) Operating philosophy.
b) Strategy.
c) Planning objectives.
d) Operating objectives.
e) Official objectives.

Ans: B
Difficulty: Easy
Ref: Strategic Management

126. _____ refers to an action focus that links an organization to its environment.
a) Objective setting.
b) Ecological management.
c) Problem-solving.
d) Strategy.
e) Decision making.

Ans: D
Difficulty: Easy
Ref: Strategic Management

127. Customers and flexibility increasingly drive _____ in contemporary businesses.
a) Objective setting.
b) Communications.
c) Problem solving.
d) Strategy.
e) Decision making.

Ans: D
Difficulty: Moderate
Ref: Strategic Management

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128 _____ refers to an organization focusing its energies on a unifying and compelling target.
a) Strategic intent.
b) The operational plan.
c) The functional plan.
d) Strategic thinking.
e) Managing with sound objectives.

Ans: A
Difficulty: Easy
Ref: Strategic Management

129. A _____ is a plan for using resources consistent with _____.
a) Strategy … strategic intent.
b) Vision … strategic intent.
c) Budget … transformational leadership.
d) Strategy … transformational leadership.
e) Strategy … visionary leadership.

Ans: A
Difficulty: Moderate
Ref: Strategic Management

130. Which of the following lists correctly identifies the different levels of strategy that can exist in a business?
a) Corporate strategy, business strategy, and functional strategy.
b) Institutional strategy, corporate strategy, and business strategy.
c) Growth strategy, retrenchment strategy, and stability strategy.
d) Corporate strategy, divisional strategy, and work group strategy.
e) Top-level strategy, middle-level strategy, and lower-level strategy.

Ans: A
Difficulty: Moderate
Ref: Strategic Management

131. _____ directs the organization as a whole toward sustainable competitive advantage.
a) Vision.
b) Corporate strategy.
c) Mission.
d) Business strategy.
e) Functional strategy.

Ans: B
Difficulty: Easy
Ref: Strategic Management

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132. _____ focuses on the strategic question: "In what industries and markets should we compete?"
a) Environmental strategy.
b) Functional strategy.
c) Competitive strategy.
d) Business strategy.
e) Corporate strategy.

Ans: E
Difficulty: Moderate
Ref: Strategic Management

133. _____ describes the strategy for a single business unit or product line.
a) Vision.
b) Corporate strategy.
c) Mission.
d) Business strategy.
e) Environmental strategy.

Ans: D
Difficulty: Easy
Ref: Strategic Management

134. _____ describes strategic intent with respect to how a division or strategic business unit will compete in a specific industry or market.
a) Vision.
b) Corporate strategy.
c) Mission.
d) Business strategy.
e) Environmental strategy.

Ans: D
Difficulty: Easy
Ref: Strategic Management

135. A _____ describes a major business that operates with some autonomy within a larger enterprise.
a) Strategic alliance.
b) Self-managing business.
c) Strategic business unit.
d) Leadership business unit.
e) Structural business partnership.

Ans: C
Difficulty: Moderate
Ref: Strategic Management

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136. _____ addresses the question: "How are we going to compete for customers within this industry and market?"
a) Environmental strategy.
b) Functional strategy.
c) Operating strategy.
d) Business strategy.
e) Corporate strategy.

Ans: D
Difficulty: Moderate
Ref: Strategic Management

137. _____ guides the use of resources to implement business strategy.
a) Competitive strategy.
b) Corporate strategy.
c) Objective formulation
d) Business strategy.
e) Functional strategy.

Ans: E
Difficulty: Moderate
Ref: Strategic Management

138. _____ focuses on activities within a specific area of operations such as marketing, manufacturing, finance, and human resources.
a) Environmental strategy.
b) Operating strategy.
c) Functional strategy.
d) Business strategy.
e) Corporate strategy.

Ans: C
Difficulty: Moderate
Ref: Strategic Management

139. _____ answers the question: "How can we best utilize resources to implement our business strategy?"
a) Environmental strategy.
b) Functional strategy.
c) Operating strategy.
d) Business strategy.
e) Corporate strategy.

Ans: B
Difficulty: Moderate
Ref: Strategic Management

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140. _____ refers to the process of formulating and implementing strategies to accomplish long-term goals and sustain competitive advantage.
a) Strategic management.
b) Managerial planning.
c) Problem solving.
d) Portfolio planning.
e) Environmental scanning.

Ans: A
Difficulty: Easy
Ref: Strategic Management

141. The essence of _____ is looking ahead, understanding the environment and the organization, effectively positioning the organization for competitive advantage in changing times, and then achieving it.
a) Managerial planning.
b) Strategic management
c) Problem solving.
d) Portfolio planning.
e) Environmental scanning.

Ans: B
Difficulty: Easy
Ref: Strategic Management

142. The major responsibilities of the strategic management process include:
a) Strategy formulation.
b) Strategy implementation.
c) Strategy analysis.
d) A and B.
e) A, B and C.

Ans: D
Difficulty: Easy
Ref: Strategic Management

143. Strategy formulation is _____.
a) a set of processes used to create new strategies by evaluating existing strategies and changes in the organizational environment.
b) the method by which strategies guide resource allocation.
c) the same as goal development.
d) also called corporate-level strategy.
e) a form of functional strategy.

Ans: B
Difficulty: Moderate
Ref: Strategic Management

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144. Strategy analysis is _____.
a) the process used to analyze the organization, existing strategies and changes in the organizational environment, and the organization's competitive position and strategies.
b) the method by which strategies guide resource allocation.
c) the same as goal development.
d) also called corporate-level strategy.
e) a form of functional strategy.

Ans: A
Difficulty: Moderate
Ref: Strategic Management

145. _____ refer(s) to an organization's basic reason for existence in society.
a) Core values.
b) Competitive advantage.
c) Strategic objectives.
d) Mission.
e) Strategic advantage.

Ans: D
Difficulty: Easy
Ref: Essentials of Strategic Analysis

146. The mission of an organization describes its _____.
a) Basic purpose.
b) Strategic edge.
c) Competitive advantage.
d) Environmental scanning.
e) Strategic advantage.

Ans: A
Difficulty: Easy
Ref: Essentials of Strategic Analysis

147. Michael Hammer recommends that an organization's mission statement should address certain questions, including which of the following?
a) What are we moving to?
b) What is our dream?
c) What kind of difference do we want to make in the world?
d) All of the above.
e) None of the above.

Ans: D
Difficulty: Moderate
Ref: Essentials of Strategic Analysis

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148. A good mission statement should incorporate all of the following elements EXCEPT:
a) The products/services the firm intends to provide.
b) The location in which the firm intends to operate.
c) The underlying corporate philosophy.
d) The customers the firm will serve.
e) The nature of the competitive environment.

Ans: E
Difficulty: Moderate
Ref: Essentials of Strategic Analysis

149. _____ are individuals and groups who are directly affected by the organization and its strategic accomplishments.
a) Lease holders.
b) Stakeholders.
c) Landlords.
d) Holding companies.
e) Integral alliances.

Ans: B
Difficulty: Easy
Ref: Essentials of Strategic Analysis

150. As part of the strategic planning process, a _____ is concerned with assessing the interests of each group of stakeholders as well as the organization's record in responding to them.
a) Mission and domain analysis.
b) Corporate culture analysis.
c) Competitor analysis.
d) Strategic constituencies analysis.
e) Business portfolio planning analysis.

Ans: D
Difficulty: Moderate
Ref: Essentials of Strategic Analysis

151. Which of the following statements accurately describe the benefits associated with strong core values?
a) Strong core values give character to an organization.
b) Strong core values back up the mission statement.
c) Strong core values help guide members' behaviour in meaningful and consistent ways.
d) A and B.
e) A, B, and C.

Ans: E
Difficulty: Moderate
Ref: Essentials of Strategic Analysis

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152. Organizational culture refers to _____.
a) A culture in which corporations dominate other social institutions.
b) The predominant value system for an organization as a whole.
c) The process by which managerial values are transferred to society as a whole.
d) The value system of top management.
e) A term used by academicians to describe a capitalist society.

Ans: B
Difficulty: Moderate
Ref: Essentials of Strategic Analysis

153. Organizational culture accomplishes all of the following EXCEPT:
a) It determines the strategy to be pursued.
b) It shapes the values of managers and other organization members.
c) It points people in common directions.
d) It helps build institutional identity.
e) It backs up the mission statement.

Ans: A
Difficulty: Moderate
Ref: Essentials of Strategic Analysis

154. _____ direct activities toward key and specific performance results.
a) Corporate objectives.
b) Official objectives.
c) Strategic objectives.
d) Operating objectives.
e) Planning objectives.

Ans: D
Difficulty: Moderate
Ref: Essentials of Strategic Analysis

155. _____ are shorter-term targets against which actual performance results can be measured as indicators of progress and continuous improvement.
a) Corporate objectives.
b) Official objectives.
c) Strategic objectives.
d) Planning objectives.
e) Operating objectives.

Ans: E
Difficulty: Moderate
Ref: Essentials of Strategic Analysis

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156. A(n) _____ involves an assessment of organizational strengths and weaknesses as well as environmental opportunities and threats.
a) Organizational objectives analysis.
b) SWOT analysis.
c) Profitability analysis.
d) Efficiency analysis.
e) Managerial objectives analysis.

Ans: B
Difficulty: Easy
Ref: Essentials of Strategic Analysis

157. The starting point in formulating strategies is usually
a) a SWOT analysis.
b) goal implementation.
c) operational plans.
d) a mission statement.
e) a control function.

Ans: A
Difficulty: Moderate
Ref: Essentials of Strategic Analysis

158. In evaluating the organizational resources and capabilities, a major goal is to identify the organization's _____.
a) Core competencies.
b) Operating objectives.
c) Strategic objectives.
d) Important external stakeholders.
e) Potential investors.

Ans: A
Difficulty: Easy
Ref: Essentials of Strategic Analysis

159. _____ refer to special strengths that the organization has or things the organization does exceptionally well in comparison with competitors.
a) Special capabilities.
b) Favourable organizational attributes.
c) Special characteristics.
d) Organizational strength factors.
e) Core competencies.

Ans: E
Difficulty: Easy
Ref: Essentials of Strategic Analysis

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160. In conducting a SWOT analysis, the presence of manufacturing efficiencies, a skilled workforce, a good market share, strong financing, and a superior reputation would be identified as a company's _____.
a) Strategies.
b) Strengths.
c) Weakness.
d) Opportunities.
e) Threats.

Ans: B
Difficulty: Moderate
Ref: Essentials of Strategic Analysis

161. In conducting a SWOT analysis, issues regarding outdated facilities, inadequate research and development, obsolete technologies, weak management, and past planning failures would be addressed in analyzing the company's _____.
a) Strategies.
b) Strengths.
c) Weaknesses.
d) Opportunities.
e) Threats.

Ans: C
Difficulty: Moderate
Ref: Essentials of Strategic Analysis

162. In conducting a SWOT analysis, a company's _____ can be examined by asking questions about possible new markets, the growth of existing markets, the emergence of new technologies, and the weaknesses of market rivals.
a) Strategies.
b) Strengths.
c) Weakness.
d) Opportunities.
e) Threats.

Ans: D
Difficulty: Moderate
Ref: Essentials of Strategic Analysis

163. Potential opportunities and threats can be in identified in _____ and _____.
a) The external organizational environment … the internal organizational environment.
b) The internal SWOT analysis … the external SWOT analysis.
c) The external environment … the industry environment.
d) The organization's strengths … weaknesses.
e) The organization's mission … culture.

Ans: C
Difficulty: Moderate

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Ref: Essentials of Strategic Analysis

164. In a SWOT analysis, industry environmental factors include the organization's _____.
a) Resource suppliers.
b) Competitors.
c) Customers.
d) All of the above.
e) None of the above.

Ans: D
Difficulty: Moderate
Ref: Essentials of Strategic Analysis

165. In doing a SWOT analysis, the examination of threats within both the industry and macro environments should address all of the following elements EXCEPT:
a) New competitors.
b) Abundance of resources.
c) Changing market tastes.
d) New regulations.
e) Substitute products.

Ans: B
Difficulty: Moderate
Ref: Essentials of Strategic Analysis

166. In conducting a SWOT analysis, a company's _____ should be assessed in terms of new competitors, possible resource shortages, changing market tastes, substitute products, and new regulations.
a) Strategies.
b) Strengths.
c) Weakness.
d) Opportunities.
e) Threats.

Ans: E
Difficulty: Moderate
Ref: Essentials of Strategic Analysis

167. From the perspective of Porter's five forces model, a(n) _____ is one in which intense rivalry already exists among competitors, there are substantial threats in terms of new competitors and substitute products, and suppliers and buyers are very powerful in bargaining over prices and quality.
a) Attractive industry.
b) Unattractive industry.
c) Competitive industry.
d) Non-competitive industry.
e) Normal industry.

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Ans: B
Difficulty: Moderate
Ref: Essentials of Strategic Analysis

168. From the perspective of Porter's five forces model, a(n) _____ is one with less intense competition, few threats from new entrants or substitutes, and low bargaining power among suppliers and buyers.
a) Attractive industry.
b) Unattractive industry.
c) Competitive industry.
d) Non-competitive industry.
e) Normal industry.

Ans: A
Difficulty: Moderate
Ref: Essentials of Strategic Analysis

169. The ideal condition for an organization to operate in is a(n)
a) Oligopoly
b) Monopoly
c) Hyper-competition
d) Non-competitive industry.
e) Attractive industry

Ans: B
Difficulty: Moderate
Ref: Essentials of Strategic Analysis

170. In the food industry, where there are direct competitors, rivalry takes the form of
a) Hyper-competition.
b) Monopoly
c) Oligopoly
d) Non-competitive industry
e) Attractive industry

Ans: A
Difficulty: Moderate
Ref: Essentials of Strategic Analysis

171. _____ strategies pursue an increase in size and the expansion of current operations.
a) Growth.
b) Retrenchment.
c) Stability.
d) Combination.
e) Operational.

Ans: A

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Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

172. _____ strategy is used when an organization seeks to maintain current operations without substantial changes.
a) Stability
b) Renewal
c) Combinational
d) Growth
e) Operational

Ans: A
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

173. A _____ is used where changes in the scale and/or mix of operations are implemented in order to gain both short-term efficiencies and time to prepare new strategies for improving future performance.
a) Renewal strategy.
b) Related diversification strategy.
c) Unrelated diversification strategy.
d) Backward integration strategy.
e) Forward integration strategy.

Ans: A
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

174. _____ involves closing operations and selling assets to pay creditors.
a) Strategic alliances.
b) Divestiture.
c) Turnaround.
d) Diversification.
e) Liquidation.

Ans: E
Difficulty: Easy
Ref: Corporate-Level Strategy Formulation

175. A _____ strategy involves growth through expansion within the same business area.
a) Concentration.
b) Diversification.
c) Related diversification.
d) Unrelated diversification.
e) Vertical integration.

Ans: A

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Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

176. A _____ strategy involves growth through the acquisition of or investment in new and sometimes different business areas.
a) Concentration.
b) Diversification.
c) Related diversification.
d) Unrelated diversification.
e) Vertical integration.

Ans: B
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

177. _____ involves growth by acquiring new businesses or entering business areas that are related to what the organization already does.
a) Concentration.
b) Related diversification.
c) Unrelated diversification.
d) Forward integration.
e) Vertical integration.

Ans: B
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

178. _____ involves growth by acquiring new businesses or entering business areas that are different from what the organization already does.
a) Concentration.
b) Related diversification.
c) Unrelated diversification.
d) Backward integration.
e) Vertical integration.

Ans: C
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

179. Diversification through _____ occurs where a business acquires suppliers or distributors.
a) Concentration.
b) Related diversification.
c) Unrelated diversification.
d) Divestiture.
e) Vertical integration.

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Ans: E
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

180. _____ occurs when business acquires suppliers.
a) Backward integration.
b) Inside-out integration.
c) Forward integration.
d) Outside-in integration.
e) Horizontal integration.

Ans: A
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

181. _____ occurs when business acquires distributors.
a) Backward integration.
b) Inside-out integration.
c) Forward integration.
d) Outside-in integration.
e) Horizontal integration.

Ans: C
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

182. A _____ seeks to correct weaknesses by making changes to the current ways of operating.
a) Restructuring strategy.
b) Related diversification strategy.
c) Unrelated diversification strategy.
d) Backward integration strategy.
e) Forward integration strategy.

Ans: A
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

183. Liquidation, restructuring, downsizing, rightsizing, and divestiture are examples of which organizational strategy?
a) Competition.
b) Cooperation.
c) Growth.
d) Restructuring
e) Stability.

Ans: D

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Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

184. _____ is a retrenchment strategy that decreases the size of operations in order to reduce costs and improve operating efficiency.
a) Liquidation.
b) Turnaround.
c) Diversification.
d) Concentration.
e) Downsizing.

Ans: E
Difficulty: Easy
Ref: Corporate-Level Strategy Formulation

185. _____ involves selling off parts of an organization to refocus on core competencies, cut costs, and improve operating efficiencies.
a) Diversification.
b) Concentration.
c) Divestiture.
d) Turnaround.
e) Liquidation.

Ans: C
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

186. A(n) _____ views the world as one large market, trying as much as possible to standardize products and their advertising for use everywhere.
a) Globalization strategy.
b) Domestic strategy.
c) Multidomestic strategy.
d) Transnational strategy.
e) Consolidation strategy.

Ans: A
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

187. A globalization strategy reflects a(n) _____ that assumes everyone everywhere wants the same thing that one has developed and sold successfully at home.
a) Region centered view.
b) Ethnocentric view.
c) Polycentric view.
d) Geocentric view.
e) Concentric view.

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Ans: B
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

188. A(n) _____ tries to customize products and their advertising as much as possible to fit the local needs of different countries or regions.
a) Globalization strategy.
b) Domestic strategy.
c) Multidomestic strategy.
d) Transnational strategy.
e) Crosscultural strategy.

Ans: C
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

189. A multidomestic strategy reflects a(n) _____ that that shows respect for both market diversity and the capabilities of locals to best interpret their strategic implications.
a) Paleocentric view.
b) Ethnocentric view.
c) Polycentric view.
d) Geocentric view.
e) Concentric view.

Ans: C
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

190. A(n) _____ seeks balance among efficiencies in global operations and responsiveness to local markets.
a) Globalization strategy.
b) Domestic strategy.
c) Multidomestic strategy.
d) Transnational strategy.
e) Crosscultural strategy.

Ans: D
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

191. A transnational strategy reflects a(n) _____ that respects diversity and values talents around the world.
a) Monocentric view.
b) Ethnocentric view.
c) Polycentric view.
d) Geocentric view.
e) Concentric view.

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Ans: D
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

192. _____ occur(s) when two or more organizations join together in partnership to pursue an area of mutual interest.
a) Vertical integration.
b) Horizontal integration.
c) Strategic alliances.
d) Strategic contracts.
e) Organizational collusion.

Ans: C
Difficulty: Easy
Ref: Corporate-Level Strategy Formulation

193. A strategic alliance that involves a firm contracting to purchase important services from another organization is known as a(n) _____.
a) Collaborative alliance.
b) Entrepreneurial alliance.
c) Outsourcing alliance.
d) Supplier alliance.
e) Distribution alliance.

Ans: C
Difficulty: Easy
Ref: Corporate-Level Strategy Formulation

194. A strategic alliance that involves the development of preferred supplier relationships to guarantee a smooth and timely flow of quality materials among partners is known as a(n) _____.
a) Collaborative alliance.
b) Entrepreneurial alliance.
c) Outsourcing alliance.
d) Supplier alliance.
e) Distribution alliance.

Ans: D
Difficulty: Easy
Ref: Corporate-Level Strategy Formulation

195. A strategic alliance that involves firms joining together for sales and distribution of products or services is known as a(n) _____.
a) Geographic alliance.
b) Entrepreneurial alliance.
c) Outsourcing alliance.

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d) Supplier alliance.
e) Distribution alliance.

Ans: E
Difficulty: Easy
Ref: Corporate-Level Strategy Formulation

196. A strategic alliance that involves rival firms joining together on projects of mutual benefit is known as a(n) _____.
a) Geographic alliance.
b) Entrepreneurial alliance.
c) Outsourcing alliance.
d) Supplier alliance.
e) Co-opetition.

Ans: E
Difficulty: Easy
Ref: Corporate-Level Strategy Formulation

197. A(n) _____ is the strategic use of the Internet to gain competitive advantage.
a) Growth strategy.
b) Focused differentiation strategy.
c) E-business strategy
d) Incrementalism strategy.
e) Emergent strategy.

Ans: C
Difficulty: Easy
Ref: Corporate-Level Strategy Formulation

198. _____ involve the use of information technology and Web portals to vertically link organizations with members of their supply chains.
a) B2B strategies.
b) B2C strategies.
c) ABC strategies.
d) B2S strategies.
e) A2B strategies.

Ans: A
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

199. _____ use information technology and Web portals to link organizations with their customers.
a) B2B strategies.
b) B2C strategies.
c) A2C strategies.

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d) ABC strategies.
e) B2S strategies.

Ans: B
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

200. The _____ is a Web-based business model that brings buyers and sellers together to make transactions.
a) Brokerage model.
b) Advertising model.
c) Merchant model.
d) Subscription model.
e) Subsidiary model.

Ans: A
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

201. The _____ is a Web-based business model that provides information or services while generating revenue from advertising.
a) Advertising model.
b) Merchant model.
c) Subscription model.
d) Vendor model.
e) Community model.

Ans: A
Difficulty: Easy
Ref: Corporate-Level Strategy Formulation

202. The _____ is a Web-based business model that sells products wholesale and retail through the Web.
a) Brokerage model.
b) Advertising model.
c) Merchant model.
d) Subscription model.
e) Distribution model.

Ans: C
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

203. The _____ is a Web-based business model that sells access to the site through subscription.
a) Advertising model.
b) Merchant model.
c) Subscription model.
d) Subsidiary model.

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e) Community model.

Ans: C
Difficulty: Easy
Ref: Corporate-Level Strategy Formulation

204. The _____ is a Web-based business model that collects information on users and sells it to other businesses.
a) Brokerage model.
b) Advertising model.
c) Community model.
d) Subscription model.
e) Infomediary model.

Ans: E
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

205. The _____ is a Web-based business model that supports the site through donations from a community of users.
a) Distribution model.
b) Merchant model.
c) Subscription model.
d) Infomediary model.
e) Community model.

Ans: E
Difficulty: Easy
Ref: Corporate-Level Strategy Formulation

206. The _____ approach seeks the best mix of investments of scarce resources among competing business opportunities.
a) Emergent strategies.
b) Portfolio planning.
c) Adaptive strategies
d) Prospector approach.
e) Differentiation.

Ans: B
Difficulty: Easy
Ref: Corporate-Level Strategy Formulation

207. The BCG portfolio planning model uses an analysis of _____ and _____ to analyze business opportunities.
a) Investment alternatives … rates of return.
b) Product alternatives … forecasted profitability.

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c) Market growth rate … costs of operation.
d) Market growth rate … market share.
e) Market share … customer needs.

Ans: D
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

208. In the BCG matrix, a "star" refers to an organization or subunit that has _____.
a) A low market share in a high-growth market.
b) A low market share in a low-growth market.
c) A moderate market share in a moderate-growth market.
d) A high market share in a high-growth market.
e) A high market share in a low-growth market.

Ans: D
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

209. A "cash cow," as the term is used by the Boston Consulting Group, refers to an organization or subunit that has _____.
a) A low market share in a high-growth market.
b) A low market share in a low-growth market.
c) A moderate market share in a moderate-growth market.
d) A high market share in a high-growth market.
e) A high market share in a low-growth market.

Ans: E
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

210. According to the BCG matrix, a "question mark" refers to an organization or subunit that has _____.
a) A low market share in a high-growth market.
b) A low market share in a low-growth market.
c) A moderate market share in a moderate-growth market.
d) A high market share in a high-growth market.
e) A high market share in a low-growth market.

Ans: A
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

211. In the terminology of the Boston Consulting Group, a "dog" refers to an organization or subunit that has _____.
a) A low market share in a high-growth market.
b) A low market share in a low-growth market.

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c) A moderate market share in a moderate-growth market.
d) A high market share in a high-growth market.
e) A high market share in a low-growth market.

Ans: B
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

212. Which of the following accurately describes the preferred strategy for the Boston Consulting Group's business opportunities?
a) The preferred strategy for stars is growth through resource investment.
b) The preferred strategy for dogs is retrenchment by divestiture.
c) The preferred strategy for promising questions marks is growth, while the preferred strategy for less promising question marks is restructuring or divestiture.
d) All of the above.
e) None of the above.

Ans: D
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

213. Michael Porter's generic strategies model identifies four fundamental strategies. Which of the following correctly describes these strategies?
a) Introduction, growth, maturity, and decline.
b) Stars, cash cows, dogs, and question marks.
c) Growth, differentiation, incremental, and emergent.
d) Differentiation, cost leadership, focused differentiation, and focused cost leadership.
e) Growth, retrenchment, vertical integration, and stability.

Ans: D
Difficulty: Hard
Ref: Business-Level Strategy Formulation

214. Michael Porter's competitive strategies framework bases business-level strategic decisions on what two main considerations
a) Market scope and source of competitive advantage
b) Market scope and product reliability
c) Market scope and market share
d) Source of competitive advantage and stability
e) Source of competitive advantage and vertical integration

Ans: A
Difficulty: Hard
Ref: Business-Level Strategy Formulation

215. A(n) _____ concentrates on serving a unique market segment better than anyone else.

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a) Differentiation strategy.
b) Focus strategy.
c) Focused diversification strategy.
d) Focused cost leadership strategy.
e) Emergent strategy.

Ans: B
Difficulty: Moderate
Ref: Business-Level Strategy Formulation

216. Businesses pursuing a _____ seek a competitive advantage by directing the organization's resources and attention toward distinguishing its products from those of the competition.
a) Differentiation strategy.
b) Cost leadership strategy.
c) Focused diversification strategy.
d) Focused cost leadership strategy.
e) Emergent strategy.

Ans: A
Difficulty: Moderate
Ref: Business-Level Strategy Formulation

217. Businesses pursuing a _____ seek a competitive advantage by directing the organization's resources and attention toward minimizing costs to operate more efficiently than the competition.
a) Differentiation strategy.
b) Cost leadership strategy.
c) Focused differentiation strategy.
d) Focused cost reduction strategy.
e) Emergent strategy.

Ans: B
Difficulty: Moderate
Ref: Business-Level Strategy Formulation

218. Businesses pursuing a _____ seek a competitive advantage by concentrating on one special market segment and trying to offer customers in that segment a unique product.
a) Differentiation strategy.
b) Cost leadership strategy.
c) Focused differentiation strategy.
d) Focused cost leadership strategy.
e) Restructuring strategy.

Ans: C
Difficulty: Moderate
Ref: Business-Level Strategy Formulation

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219. Businesses pursuing a _____ seek a competitive advantage by concentrating on one special market segment and trying to be the lowest cost provider in that segment.
a) Differentiation strategy.
b) Cost leadership strategy.
c) Focused differentiation strategy.
d) Focused cost leadership strategy.
e) Retrenchment strategy.

Ans: D
Difficulty: Moderate
Ref: Business-Level Strategy Formulation

220. _____ is the view that strategies take shape, change, and develop over time as modest adjustments to past patterns.
a) Portfolio management.
b) Incrementalism.
c) The BCG matrix.
d) Retrenchment.
e) Instrumentalism.

Ans: B
Difficulty: Moderate
Ref: Business-Level Strategy Formulation

221. Which of the following statements regarding incrementalism is/are accurate?
a) Modest and incremental changes in strategy occur as managers learn from experience and make adjustments.
b) Managers act within complex interpersonal networks and in hectic, fast-paced work settings.
c) Effective managers must have the capacity to stay focused on long-term objectives while still remaining flexible enough to master short-run problems and opportunities as they occur.
d) B and C.
e) A, B, and C.

Ans: E
Difficulty: Moderate
Ref: Business-Level Strategy Formulation

222. _____ develop(s) progressively over time as managers make "streams" of decisions while they learn from and respond to work situations.
a) Strategic opportunism.
b) Incrementalism.
c) Emergent strategies.
d) Incremental strategies.
e) Downsizing.

Ans: C
Difficulty: Easy
Ref: Business-Level Strategy Formulation

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223. Current issues in the proper implementation of strategy include _____.
a) Excellence in all management systems and practices.
b) The importance of strategic leadership.
c) The responsibilities of corporate governance.
d) All of the above.
e) None of the above.

Ans: D
Difficulty: Moderate
Ref: Strategy Implementation

224. Paying inadequate attention to the analysis of mission and purpose, core values and corporate culture, organizational strengths and weaknesses, and environmental opportunities and threats constitutes a strategic planning pitfall known as _____.
a) Failures of substance.
b) Failures of process.
c) Emergent strategies.
d) Failures of corporate governance.
e) Failures of strategic leadership.

Ans: A
Difficulty: Moderate
Ref: Strategy Implementation

225. Poor handling of the ways that various aspects of strategic planning are accomplished constitute a strategic planning pitfall known as _____.
a) Failures of substance.
b) Failures of process.
c) Incrementalism.
d) Failures of corporate governance.
e) Failures of strategic leadership.

Ans: B
Difficulty: Moderate
Ref: Strategy Implementation

226. Failures of process in strategic planning include _____.
a) The lack of participation error.
b) Inadequate resource allocation.
c) Goal displacement.
d) Alternatives A and B.
e) Alternatives A and C.

Ans: E
Difficulty: Moderate
Ref: Strategy Implementation

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227. _____ is the failure to include key persons in the strategic planning effort.
a) Corporate governance.
b) Goal displacement.
c) The lack of participation error.
d) The lack of substance error.
e) Conflict avoidance.

Ans: C
Difficulty: Moderate
Ref: Strategy Implementation

228. The tendency to get so bogged down in details that the planning process becomes an end in itself instead of a means to an end is known as _____.
a) Corporate governance.
b) Goal displacement.
c) Lack of participation error.
d) Lack of substance error.
e) Conflict avoidance.

Ans: B
Difficulty: Moderate
Ref: Strategy Implementation

229. _____ is the system of control and performance monitoring of top management that is maintained by boards of directors and other major stakeholder representatives.
a) Corporate governance.
b) Stakeholder oversight.
c) Top management oversight.
d) Corporate performance auditing.
e) Corporate performance review.

Ans: A
Difficulty: Moderate
Ref: Strategy Implementation

230. _____ are formally charged with ensuring that an organization operates in the best interests of its owners and/or the representative public.
a) Strategic leaders.
b) Boards of directors.
c) Executive teams.
d) Investment advisers.
e) Management committees.

Ans: B
Difficulty: Moderate

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Ref: Strategy Implementation

231. In corporate governance, controversies often arise over the roles of _____ and _____.
a) Managers … non-management employees.
b) Internal customers … external customers.
c) Inside directors … outside directors.
d) Customers … suppliers.
e) Stakeholders … stockholders.

Ans: C
Difficulty: Moderate
Ref: Strategy Implementation

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

Ans: E
Difficulty: Hard
Ref: Strategy Implementation

233. _____ refers to a leader's capability to inspire people to successfully engage in a process of continuous change, refinement, and implementation of organizational strategies.
a) Change leadership.
b) Strategic leadership.
c) Visionary leadership.
d) Transactional leadership.
e) Transformational leadership.

Ans: B
Difficulty: Easy
Ref: Strategy Implementation

234. Because the challenges faced by contemporary organizations are so complex, strategic management is increasingly viewed as _____.
a) A professional planner's responsibility,
b) A team leadership responsibility.
c) The chief executive officer's only responsibility.
d) The board chairperson's responsibility.
e) Every middle manager's most important responsibility.

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Ans: B
Difficulty: Moderate
Ref: Strategy Implementation

235. Which of the following is NOT one of the critical tasks of strategic leadership?
a) Being a guardian of tradeoffs by ensuring that the organization's resources are allocated in ways consistent with the strategy.
b) Creating a sense of urgency by not allowing the organization and its members to grow slow and complacent.
c) Ensuring that top management understands the strategy so that they can direct their subordinates in carrying it out.
d) Being a teacher by conveying the strategy and making it a cause.
e) Being a great communicator to ensure that everyone understands the strategy and how it makes their organization different from others.

Ans: C
Difficulty: Hard
Ref: Strategy Implementation

Essay Questions

236. Explain how competitive advantage, strategy, and the strategic management process are interrelated.

Ans: Competitive advantage refers to an organization operating with an attribute or combination of attributes that allows it to outperform its rivals. Sustainable competitive advantage is one that is difficult for competitors to imitate. A strategy is a comprehensive action plan that identifies long-term direction and guides resource utilization to accomplish an organization's mission and objectives with sustainable competitive advantage. Strategic management is the process of formulating and implementing strategies that create competitive advantage and advance an organization's mission and objectives.
Difficulty: Moderate
Ref: Strategic Management

237. What is SWOT analysis? Discuss the types of issues and questions that should be addressed when conducting a SWOT analysis.

Ans: Two critical steps in the strategic management process are analysis of the organization and analysis of the environment. These two steps may be approached with a technique known as SWOT analysis — that is, an analysis of internal organizational Strengths and Weaknesses, and an analysis of external environmental Opportunities, and Threats. Specific types of questions are typically asked in a SWOT analysis. For an internal assessment of the organization, these questions are:
- What are our strengths? Manufacturing efficiency? Skilled workforce? Good market share? Strong financing? Superior reputation?
- What are our weaknesses? Outdated facilities? Inadequate research and development? Obsolete technologies? Weak management? Past planning failures?

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The questions typically asked in analyzing the industry and environment are:
- What are our opportunities? Possible new markets? Strong economy? Weak market rivals? Emerging technologies? Growth of existing market?
- What are our threats? New competitors? Shortage of resources? Changing market tastes? New regulations? Substitute products?

Difficulty: Hard
Ref: Essentials of Strategic Analysis

238. Briefly describe the two key factors that Michael Porter uses as the basis for formulating strategy. Explain how these factors combine to create different competitive strategies.

Ans: According to Michael Porter, business-level strategic decisions are driven by two factors: market scope (i.e., the broadness or narrowness of the target market) and source of competitive advantage (i.e., whether competitive advantage is sought through lower price or through product or market uniqueness). Porter's generic strategies framework combines these two factors to generate the following four generic strategies that an organization can pursue in seeking to gain a strategic advantage.
- Differentiation strategy — where the organization's resources and attention are directed toward distinguishing its products from those of the competition.
- Cost leadership strategy — where the organization's resources and attention are directed toward minimizing costs to operate more efficiently than the competition.
- Focused differentiation strategy — where the organization concentrates on one special market segment and tries to offer customers in that segment a unique product.
- Focused cost leadership strategy — where the organization concentrates on one special market segment and tries to be the lowest cost provider in that segment.

Difficulty: Moderate
Ref: Business-Level Strategy Formulation

239. What is the BCG matrix? What are the recommended strategies for dealing with stars, question marks, dogs, and cash cows?

Ans: The BCG matrix ties strategy formulation to an analysis of business opportunities based on market growth rate (low versus high growth rate) and market share (low versus high share). The BCG matrix has four combinations of business conditions, each of which has a particular strategic implication. These combinations are stars, question marks, cash cows, and dogs. Stars are high market share/high growth businesses. They produce large profits through a dominant competitive position in a growing market. The preferred strategy is growth. Question marks are low market share/high growth businesses. They do not produce much profit but do compete in rapidly growing markets. The preferred strategies are growth for promising question marks and retrenchment for the other question marks. Cash cows are high market share/low growth businesses. They produce large profits and a strong cash flow but offer little growth opportunity. The preferred strategy is stability or modest growth, using the cash flow to fund investment in stars or promising question marks. Dogs are low market share/low growth businesses. They do not produce much profit and show little potential for future improvement. The preferred strategy is retrenchment by divestiture.
Difficulty: Moderate
Ref: Corporate-Level Strategy Formulation

240. Explain how strategic leadership can be carried out in an organization.

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Ans: Effective strategic management requires strategic leadership — the capability to inspire people to successfully engage in a process of continuous change, performance enhancement, and implementation of organizational strategies. Strategic leadership is carried out through the following critical tasks:

- Being a guardian of tradeoffs — ensuring that the organization's resources are allocated in ways consistent with the strategy.
- Creating a sense of urgency — not allowing the organization and its members to grow slow and complacent.
- Ensuring that everyone understands the strategy — unless strategies are understood, the daily tasks and contributions of people lose context and purpose.
- Being a teacher — it is the leader's job to teach the strategy and make it a cause.
- Being a great communicator — everyone must understand the strategy and how it makes their organization different from others.

Difficulty: Moderate
Ref: Strategy Implementation

241. Core values are broad beliefs about what is or is not appropriate behaviour. How can a leader assist in establishing core values in an organization?

Ans: It would be naive to assume that a leader can, at any given time, control all the actions of members of an entire business. Effective leadership is much more subtle. Leaders basically create a core value or social system that establishes and reinforces desired behaviours. Consequently, when employees of a company face an unexpected situation, they are guided by the core values.
One important way that leaders influence the social system in their organizations is through the values they bring to the organization. These values can be conveyed in a number of ways. For instance, they can be communicated directly through public statements, memoranda, and e-mails. Highly visible decisions are also an effective way to communicate a value. For example, a CEO could overturn the decision of a subordinate in favour of a customer in an effort to communicate the importance of customer satisfaction: "The customer is always right."
Leaders can also influence value systems through the way they administer rewards. The organization's individuals that demonstrate the desired attitudes and behaviour can be rewarded with good-paying jobs.
The presence of strong core values helps build organizational identity, giving a sense of character to the organization in the eyes of its employees and external stakeholders. Core values also back up the mission by helping guide the behaviour of organization members in meaningful and consistent ways. If leaders are responsive to the values of key stakeholders when making and communicating decisions, the decisions are more likely to be perceived as ethical by those stakeholders.
Difficulty: Moderate
Ref: Essentials of Strategic Analysis and Strategy Implementation

242. Porter suggests that generic competitive strategies are based on what he calls the factors that determine competition or, in other words, based on an analysis of the competitive environment. Describe one competitive strategy and illustrate how this strategy has been applied to an organization or market.

Ans: Answers should contain one of these strategies: Cost leadership, Differentiation and Focus.
Cost Leadership - With a cost leadership strategy, the idea is to gain a competitive edge by achieving a cost advantage. In other words, you must reduce your costs as much as possible. This gives the company an advantage over its rivals and also over its suppliers and clients.
The classic example is Wal-Mart's mass purchasing. Another example is IBM and Boeing. They are cost leaders who have chosen to use their lower costs not to reduce prices but to generate higher returns which have subsequently been invested in marketing, R&D and manufacturing as a means of maintaining and strengthening their position.
Differentiation - The aim of the differentiation strategy is to ensure that either the company in general or certain specific elements (such as its products, customer care, quality, etc.) are perceived to be unique by both clients and suppliers. As one might suppose, this kind of strategy means that the company involved must have certain capacities

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and skills (i.e., technology, marketing, etc.) that enable it to achieve, maintain, and develop a certain degree of differentiation.
Example: Marriott International. Marriott International has the Ritz-Carlton brand name, directed at the luxury segment of the market. Although J.W.Marriott Hotels might be regarded as being in the same category, Ritz-Carlton hotels tend to be deluxe properties that are a cut above Marriott International. Most operate under the name Ritz-Carlton, although some have their own individual names.
Differentiation can also be achieved by means of the brand image and packaging, a position particularly suited to mature markets in which the products are often physically indistinguishable. For example, the cola drinks with Pepsi Cola and supermarkets' own brands and the fashion clothing industry with Gap and Banana Republic which design casual clothes aimed primarily at the same customer demographics.
Focus - Organizations pursuing focus strategies concentrate on a special market segment—niche customer group, geographical region, or product or service line. The objective is to serve the needs of the segment better than anyone else. Competitive advantage is achieved by combining focus with either differentiation or cost leadership.
Example: A good example of differentiation focus is that of Porsche, the German sports car manufacturer. It focuses on the performance car segment of the automobile market and does not produce cars for other segments of the market. Its cars are sold on the basis of brand name based upon consumer perceptions that its products are technically superior to those of competitors, are better designed, have superior performance and are more reliable than those of their competitors.
Difficulty: Moderate
Ref: Business-Level Strategy Formulation

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Chapter 8: Organization Structures and Design

True/False

1. Peter Drucker described Edward Jones as "a confederation of highly autonomous entrepreneurial units bound together by a highly centralized core of values and services."

Ans: True
Difficulty: Easy
Ref: Learning From Others

2. Organizing is the process of arranging people and other resources to work together to accomplish a common goal.

Ans: True
Difficulty: Easy
Ref: Organizing as a Management Function

3. Given a clear mission, core values, objectives and strategy, organizing begins the process of strategy implementation by clarifying jobs and working relationships.

Ans: True
Difficulty: Easy
Ref: Organizing as a Management Function

4. In the management process of organizing, the strategic leadership challenge is to choose the best organizational form to fit the strategy and other situational demands.

Ans: True
Difficulty: Easy
Ref: Organizing as a Management Function

5. Organization structure is the system of tasks, workflows, reporting relationships, and communications channels that link together the work of diverse individuals and groups.

Ans: True
Difficulty: Easy
Ref: Organizing as a Management Function

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6. An organization's ability to implement its strategy is greatly helped by a structure that allocates tasks through a division of labour and provides for the coordination of performance results.

Ans: True
Difficulty: Moderate
Ref: Organizing as a Management Function

7. The purpose of an organization structure is to divide up and coordinate resources and tasks in order to achieve performance success.

Ans: True
Difficulty: Easy
Ref: Organizing as a Management Function

8. The purpose of an organization structure is to design titles for different workers and to assign daily work tasks to them.

Ans: False
Difficulty: Moderate
Ref: Organizing as a Management Function

9. An organization chart shows positions and job titles, lines of authority, and formal communication channels for a company.

Ans: True
Difficulty: Easy
Ref: Organizing as a Management Function

10. The formal structure of the organization represents the way the organization is intended to function in terms of division of work, supervisory relationships, communication channels, major subunits, and levels of management.

Ans: True
Difficulty: Easy
Ref: Organizing as a Management Function

11. The informal structure is a "shadow' organization made up of the unofficial, but often critical, working relationships between organizational members.

Ans: True
Difficulty: Easy
Ref: Organizing as a Management Function

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12. Informal structures always work against the achievement of high productivity.

Ans: False
Difficulty: Hard
Ref: Organizing as a Management Function

13. Informal structures always serve the best interests of the organization.

Ans: False
Difficulty: Moderate
Ref: Organizing as a Management Function

14. Social network analysis identifies the informal structures and their embedded social relationships that are active in an organization.

Ans: True
Difficulty: Moderate
Ref: Organizing as a Management Function

15. Departmentalization is the process of grouping work positions into formal teams or departments and then linking them together in a coordinated fashion with the larger organization.

Ans: True
Difficulty: Easy
Ref: Traditional Organization Structures

16. Three common types of traditional organizational structures are functional, divisional, and matrix.

Ans: True
Difficulty: Easy
Ref: Traditional Organization Structures

17. A functional structure is a form of organization in which people who have similar skills and who perform similar tasks are grouped together in work units.

Ans: True
Difficulty: Easy
Ref: Traditional Organization Structures

18. When an organization chart shows vice presidents of marketing, manufacturing, finance, and human resources reporting directly to the president of a company, the top management group is organized as a divisional structure.

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Ans: False
Difficulty: Moderate
Ref: Traditional Organization Structures

19. When problems occur between functions, they should immediately be referred up to a higher level for resolution.

Ans: False
Difficulty: Hard
Ref: Traditional Organization Structures

20. Advantages of functional structures include the support of in-depth training and reduced accountability for total product or service delivery.

Ans: False
Difficulty: Hard
Ref: Traditional Organization Structures

21. A potential disadvantage of functional structures concerns difficulties in pinpointing responsibilities for cost containment, product or service quality, timeliness, and innovation.

Ans: True
Difficulty: Easy
Ref: Traditional Organization Structures

22. The functional chimneys problem can slow decision making, diminish cooperation and commitment to a common purpose, and interfere with coordination across functions.

Ans: True
Difficulty: Easy
Ref: Traditional Organization Structures

23. A divisional structure groups together people who work on the same product or process, serve similar customers, or work in the same geographic region.

Ans: True
Difficulty: Easy
Ref: Traditional Organization Structures

24. Included among the potential advantages of divisional structures are more flexibility in responding to environmental changes and clear points of responsibility for product or service delivery.

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Ans: True
Difficulty: Easy
Ref: Traditional Organization Structures

25. Included among the potential advantages of divisional structures are having expertise focused on specific customers, products, or regions, as well as greater ease in changing size by adding or deleting divisions.

Ans: True
Difficulty: Easy
Ref: Traditional Organization Structures

26. Divisional structures can create healthy rivalries as divisions compete for available resources.

Ans: False
Difficulty: Moderate
Ref: Traditional Organization Structures

27. Product structures group together jobs and activities that serve the same customers or clients.

Ans: False
Difficulty: Moderate
Ref: Traditional Organization Structures

28. Geographical structures group together jobs and activities being performed in the same location or region.

Ans: True
Difficulty: Easy
Ref: Traditional Organization Structures

29. Customer structures group together jobs and activities dealing with a single product or service.

Ans: False
Difficulty: Hard
Ref: Traditional Organization Structures

30. Customer structures are particularly appealing because they can best serve the special needs of different customer groups.

Ans: True
Difficulty: Easy
Ref: Traditional Organization Structures

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31. A work process is a group of tasks related to one another that collectively creates something of value to a customer.

Ans: True
Difficulty: Easy
Ref: Traditional Organization Structures

32. Process structures group together jobs and activities that are part of the same processes.

Ans: True
Difficulty: Easy
Ref: Traditional Organization Structures

33. The matrix structure makes use of permanent cross-functional teams to integrate functional expertise in support of a clear divisional focus on a product, project, or program.

Ans: True
Difficulty: Easy
Ref: Traditional Organization Structures

34. Workers in a matrix structure belong to at least two formal groups at the same time. These two groups are a functional group and a product, project, or program group.

Ans: True
Difficulty: Easy
Ref: Traditional Organization Structures

35. Members of matrix organizations experience task confusion and encounter power struggles because of reporting to both a "project team boss" and a "functional boss."

Ans: True
Difficulty: Easy
Ref: Traditional Organization Structures

36. A potential disadvantage of the matrix structure is that problem solving is forced down the hierarchy to where the best information is available.

Ans: False
Difficulty: Moderate
Ref: Traditional Organization Structures

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37. Team meetings in the matrix can take lots of time, and the teams may develop "groupitis."

Ans: True
Difficulty: Moderate
Ref: Traditional Organization Structures

38. Team structures improve communication and decision making as well as help to break down barriers between operating departments.

Ans: True
Difficulty: Easy
Ref: Horizontal Organization Structures

39. A cross-functional team brings together members from different areas of work responsibility.

Ans: True
Difficulty: Easy
Ref: Horizontal Organization Structures

40. A project team is set up for a particular task or project and disbands once it is completed.

Ans: True
Difficulty: Easy
Ref: Horizontal Organization Structures

41. The potential disadvantages of team structures include conflicting loyalties among members regarding both team and functional assignments and the excessive time spent in meetings.

Ans: True
Difficulty: Moderate
Ref: Horizontal Organization Structures

42. Team members' effective utilization of the time they spend together is independent of the quality of their interpersonal relations, group dynamics, and team management.

Ans: False
Difficulty: Moderate
Ref: Horizontal Organization Structures

43. In addressing the potential disadvantages of team structures, managers should manage time effectively but need not promote effective interpersonal relations, group dynamics, and team management.

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Ans: False
Difficulty: Hard
Ref: Horizontal Organization Structures

44. Network structures consist of a central business core that that is linked through networks of relationships with outside contractors and suppliers of essential services.

Ans: True
Difficulty: Easy
Ref: Horizontal Organization Structures

45. Network organizations own only the support functions and outsource core functions.

Ans: False
Difficulty: Moderate
Ref: Horizontal Organization Structures

46. The advantages of network structures include (a) staying cost competitive through reduced overhead and increased operating efficiency, and (b) operating with fewer full-time employees and less complex internal systems.

Ans: True
Difficulty: Moderate
Ref: Horizontal Organization Structures

47. The potential disadvantages of the network structure are due primarily to the demands of flexibility in responding to changing conditions, having fewer full-time employees to help build the supervisor's managerial empire, and the need to operate across great distances.

Ans: False
Difficulty: Hard
Ref: Horizontal Organization Structures

48. In a network structure, the entire system suffers if one part of the network breaks down or fails to deliver.

Ans: True
Difficulty: Easy
Ref: Horizontal Organization Structures

49. Boundaryless sourcing refers to the contracting of business functions to outside suppliers.

Ans: False

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Difficulty: Moderate
Ref: Horizontal Organization Structures

50. Boundaryless organizations eliminate internal boundaries among parts and external boundaries linking with the external environment.

Ans: True
Difficulty: Easy
Ref: Horizontal Organization Structures

51. Key requirements for a boundaryless organization are the absence of hierarchy, empowerment of team members, technology utilization, and acceptance of impermanence.

Ans: True
Difficulty: Hard
Ref: Horizontal Organization Structures

52. Due to the absence of structural barriers, boundaryless organizations have few communication and coordination problems.

Ans: False
Difficulty: Hard
Ref: Horizontal Organization Structures

53. A virtual organization is a special form of a boundaryless organization.

Ans: True
Difficulty: Easy
Ref: Horizontal Organization Structures

54. A virtual organization operates in a shifting network of external strategic alliances that are engaged as needed, and typically are supported by extensive information technology utilization.

Ans: True
Difficulty: Easy
Ref: Horizontal Organization Structures

55. Organizations face widely varying problems and opportunities that affect how they are structured and managed.

Ans: True
Difficulty: Easy

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Ref: Organizational Designs

56. The key to organizational success is finding the one best organization design to fit all problems and opportunities.

Ans: False
Difficulty: Hard
Ref: Organizational Designs

57. Organizational design is the process of choosing and implementing organizational structures that best arrange resources to accomplish the organization's mission and objectives.

Ans: True
Difficulty: Easy
Ref: Organizational Designs

58. A bureaucracy is a form of organization based on logic, order, and the legitimate use of formal authority.

Ans: True
Difficulty: Easy
Ref: Organizational Designs

59. A clear-cut division of labour, a strict hierarchy of authority, formal rules and procedures, and promotion based on competency are features that characterize bureaucracy.

Ans: True
Difficulty: Easy
Ref: Organizational Designs

60. Tom Burns and George Stalker found that the mechanistic organizations thrived when the environment was unstable and changing because it provided a necessary counterbalancing sense of order.

Ans: False
Difficulty: Hard
Ref: Organizational Designs

61. Bureaucracies tend to be rigid and formal, may be slow to respond to change, and may become unwieldy by relying too heavily on rules and procedures.

Ans: True
Difficulty: Easy
Ref: Organizational Designs

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62. In a mechanistic organization, an employee works in an orderly and disciplined environment, adheres to many rules and procedures, and is closely supervised.

Ans: True
Difficulty: Hard
Ref: Organizational Designs

63. Mechanistic designs are tight structures with a horizontal form.

Ans: False
Difficulty: Moderate
Ref: Organizational Designs

64. The mechanistic design is characterized by decentralization, wider spans of control, and few rules and procedures.

Ans: False
Difficulty: Moderate
Ref: Organizational Designs

65. Decentralized authority, fewer rules and procedures, and personal means of coordination are characteristics of organic designs.

Ans: True
Difficulty: Easy
Ref: Organizational Designs

66. The organizational design that is highly bureaucratic in nature is called the organic design.

Ans: False
Difficulty: Moderate
Ref: Organizational Designs

67. Organic designs are loose systems in which a lot of work gets done through informal structures and networks of interpersonal contacts.

Ans: True
Difficulty: Easy
Ref: Organizational Designs

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68. Dynamic environments and changing conditions call for more organic designs.

Ans: True
Difficulty: Moderate
Ref: Organizational Designs

69. Adaptive organizations operate with a minimum of bureaucratic structure and with cultures that encourage worker empowerment and participation.

Ans: True
Difficulty: Easy
Ref: Organizational Designs

70. Adaptive organizations promote narrow spans of control and tall structures.

Ans: False
Difficulty: Moderate
Ref: Organizational Designs

71. A subsystem is a work unit or department headed by a manager and that operates as a smaller component of a larger and total organizational system.

Ans: True
Difficulty: Easy
Ref: Organizational Designs

72. According the research findings of Paul Lawrence and Jay Lorsch, successful firms operating in certain environments had more organic designs, whereas successful firms operating in uncertain environments had more mechanistic designs.

Ans: False
Difficulty: Moderate
Ref: Organizational Designs

73. In their study of systems and subsystems design, Paul Lawrence and Jay Lorsch found that subsystems in the successful firms worked well together, even though some had very different structures.

Ans: True
Difficulty: Easy
Ref: Organizational Designs

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74. Differentiation refers to the degree of difference that exists among subsystems in an organization.

Ans: True
Difficulty: Easy
Ref: Organizational Designs

75. If the manufacturing subsystem in a business firm has shorter-term action horizon than the research and development group, thus making it difficult for the two units to work together, they are experiencing differences in time orientation.

Ans: True
Difficulty: Hard
Ref: Organizational Designs

76. A basic problem in organizations that particularly affects subsystem design is that as differentiation increases, the need for integration increases but it becomes more difficult to accomplish.

Ans: True
Difficulty: Hard
Ref: Organizational Designs

77. Rules and procedures, matrix organizations, liaison roles, planning, direct contact among managers, hierarchical referral, are teams are different ways of improving subsystems integration in organizations.

Ans: True
Difficulty: Moderate
Ref: Organizational Designs

78. The line of authority that vertically links each position with successively higher levels of management is chain of command.

Ans: True
Difficulty: Easy
Ref: Organizational Designs

79. As organizations grow, they get taller as more levels are added to the chain of command.

Ans: True
Difficulty: Moderate
Ref: Organizational Designs

80. Span of control refers to the number of subordinates reporting directly to a manager.

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Ans: True
Difficulty: Easy
Ref: Organizational Designs

81. An organization with narrow spans of control will have fewer managers and more subordinates per manager, whereas an organization with wide spans of control will have more managers and fewer subordinates per manager.

Ans: False
Difficulty: Moderate
Ref: Organizational Designs

82. Narrow spans of control create an organization that is more efficient and flexible, whereas wider spans of control usually result in additional management overhead costs.

Ans: False
Difficulty: Moderate
Ref: Organizational Designs

83. Delegation is the process of entrusting work to others in the organization by giving them the right to make decisions and take action.

Ans: True
Difficulty: Easy
Ref: Organizational Designs

84. Authority is the right to act in ways to carry out the assigned tasks.

Ans: True
Difficulty: Easy
Ref: Organizational Designs

85. The authority-and-responsibility principle states: "authority should equal responsibility when work is delegated from a supervisor to a subordinate."

Ans: True
Difficulty: Moderate
Ref: Organizational Designs

86. Effective delegation leads to empowerment of workers and can increase employees' job satisfaction and work performance.

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Ans: True
Difficulty: Moderate
Ref: Organizational Designs

87. Centralized organizations delegate decision making throughout all levels of management, and decentralized organizations concentrate decision making at the top levels of management.

Ans: False
Difficulty: Moderate
Ref: Organizational Designs

88. When decision-making authority is dispersed by extensive delegation throughout all levels of management, the organization is decentralized.

Ans: True
Difficulty: Moderate
Ref: Organizational Designs

89. An organization that operates in a decentralized fashion will allow lower-level persons to participate in decision making

Ans: True
Difficulty: Moderate
Ref: Organizational Designs

90. With respect to centralization and decentralization, the current trend is for organizations to centralize decision making and decentralize control.

Ans: False
Difficulty: Moderate
Ref: Organizational Designs

91. Line personnel provide expert advice and guidance to staff personnel.

Ans: False
Difficulty: Easy
Ref: Organizational Designs

92. Staff can grow to the point where it costs more in administrative overhead than the staff is worth.

Ans: True
Difficulty: Easy

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Ref: Organizational Designs

93. The current trend in the use of staff is to reduce the size of staff in order to increase operating efficiency.

Ans: True
Difficulty: Moderate
Ref: Organizational Designs

Multiple-Choice

94. _____ is the process of arranging people and other resources to work together to accomplish a goal.
a) Planning.
b) Organizing
c) Controlling.
d) Leading.
e) Strategizing.

Ans: B
Difficulty: Easy
Ref: Organizing as a Management Function

95. When a manager divides work up into manageable components, arranges resources, and coordinates results to achieve a common purpose, the manager is practicing _____.
a) Leadership.
b) Organizing.
c) Strategic planning.
d) Forecasting.
e) Setting objectives.

Ans: B
Difficulty: Easy
Ref: Organizing as a Management Function

96. Given a clear mission, core values, objectives and strategy, _____ begins the process of implementation by clarifying jobs and working relationships.
a) Planning.
b) Controlling.
c) Organizing.
d) Coordinating.
e) Leading.

Ans: C
Difficulty: Moderate
Ref: Organizing as a Management Function

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97. _____ is the system of tasks, workflows, reporting relationships, and communication channels that link together the work of diverse individuals and groups.
a) Job design.
b) Management.
c) Organization structure.
d) Strategy.
e) A work plan.

Ans: C
Difficulty: Easy
Ref: Organizing as a Management Function

98. Any organization structure should _____ and _____.
a) Allocate task assignments through a division of labour … provide for the coordination of performance results.
b) Allocate task assignments through a division of labour … provide for the creation of a horizontal organization.
c) Allocate organizational resources to important departments … provide for the oversight of less important departments.
d) Assign good leaders to the effective work teams … assign poorer leaders to marginally effective work teams.
e) Assign organizational objectives to divisions, departments, and work teams … provide for the coordination of performance results.

Ans: A
Difficulty: Hard
Ref: Organizing as a Management Function

99. Which of the following is the most accurate description regarding the purpose of an organization structure?
a) To divide up and coordinate resources and tasks to be done for performance success.
b) To identify relationships between suppliers and company buyers.
c) To design titles for different types of workers.
d) To allocate management authority to department heads.
e) To assign daily work tasks to workers.

Ans: A
Difficulty: Moderate
Ref: Organizing as a Management Function

100. Positions and job titles, lines of authority, and formal communication channels are often demonstrated for a company by drawing a special diagram. This diagram is called _____.
a) A flow chart.
b) A PERT diagram.
c) An organization chart.
d) An input/output diagram.
e) A structural diagram.

Ans: C

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Difficulty: Easy
Ref: Organizing as a Management Function

101. Which of the following pieces of information cannot be determined from an organization chart?
a) Formal communication channels.
b) Type of work performed.
c) Division of work.
d) Levels of management.
e) Informal decision-making coalitions.

Ans: E
Difficulty: Moderate
Ref: Organizing as a Management Function

102. The _____ of the organization represents the way the organization is intended to function in terms of division of work, supervisory relationships, communication channels, major subunits, and levels of management.
a) Informal structure.
b) Hierarchy or authority.
c) Management chart.
d) Channel outline.
e) Formal structure.

Ans: E
Difficulty: Moderate
Ref: Organizing as a Management Function

103. The _____ is a "shadow' organization made up of the unofficial, but often critical, working relationships between organizational members.
a) Formal structure.
b) Organizational chart.
c) Informal structure.
d) Adaptive organizational structure.
e) Horizontal organizational structure.

Ans: C
Difficulty: Easy
Ref: Organizing as a Management Function

104. Jill, a recent MBA graduate in the field of accounting, is the finance manager of ION Company. Jill has a problem with a shadow organization in his division. One sensible first step in Jill's management strategy might be _____.
a) Meeting with his employees to let them know he is the boss.
b) Promising bonuses only to those employees who agree with him and work with him.
c) Seeking to understand and work with the shadow organization.
d) Firing the people who are members of the shadow organization.
e) Assuming his staff is trying to undermine him and act accordingly.

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Ans: C
Difficulty: Hard
Ref: Organizing as a Management Function

105. The following five examples describe different types of relationships between employees in XYZ Company. Which set of relationships indicates the existence of a shadow organization?
a) Department managers report directly to the vice presidents in charge of their division.
b) An employee asks questions of an immediate supervisor, gets answers, and works closely with this person.
c) In one department, superior-subordinate relationships are strained. Subordinates take direction from the manager of another department.
d) Members of a word processing pool provide secretarial services for all divisions on a first come, first served basis.
e) The company president delegates authority to division managers, division managers delegate authority to department managers, and department managers delegate authority to support staff.

Ans: C
Difficulty: Hard
Ref: Organizing as a Management Function

106. The process of learning that occurs as people work and interact together throughout the workday is called _____ learning.
a) Casual.
b) Informal.
c) Interactive.
d) Formal.
e) Social.

Ans: B
Difficulty: Easy
Ref: Organizing as a Management Function

107. A(n)_____identifies the informal structures and their embedded social relationships that are active in the organization.
a) Informal structure
b) Social network analysis
c) Organization chart
d) Functional chimney
e) Functional structure

Ans: B
Difficulty: Moderate
Ref: Organizing as a Management Function

108. The process of grouping work positions into formal teams and departments, and then linking them together within the organization is known as _____.

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a) Differentiation.
b) Departmentalization.
c) Structural team development.
d) Organizing.
e) Functional team management.

Ans: B
Difficulty: Easy
Ref: Traditional Organization Structures

109. Three common types of traditional organizational structures are _____.
a) Centralized, decentralized, and integrated.
b) Functional, horizontal, and vertical.
c) Divisional, centralized, and line.
d) Functional, divisional, and matrix.
e) Matrix, staff, and functional.

Ans: D
Difficulty: Easy
Ref: Traditional Organization Structures

110. When an organization chart shows vice presidents of marketing, manufacturing, finance, and human resources reporting directly to the president of a company, the top management group is organized as a _____ structure.
a) Horizontal.
b) Vertical.
c) Functional.
d) Divisional.
e) Matrix.

Ans: C
Difficulty: Moderate
Ref: Traditional Organization Structures

111. Potential disadvantages of functional structures include all of the following EXCEPT:
a) Difficulties in pinpointing responsibilities for cost containment, product or service quality, timeliness, and innovation.
b) Provides for clear career paths.
c) Sense of cooperation and common purpose tends to break down.
d) Narrow view of performance objectives.
e) Too many decisions referred upward in the organizational hierarchy.

Ans: B
Difficulty: Easy
Ref: Traditional Organization Structures

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112. The _____ problem refers to the lack of communication, coordination, and collaborative problem solving across functions.
a) Horizontal silos.
b) Vertical bug-a-boo.
c) Functional chimneys.
d) Divisional smokestack.
e) Matrix identity.

Ans: C
Difficulty: Easy
Ref: Traditional Organization Structures

113. The functional chimneys problem can _____.
a) Slow decision making.
b) Diminish cooperation and commitment to a common purpose.
c) Interfere with coordination across functions.
d) Create difficulties in pinpointing responsibilities.
e) All of the above.

Ans: E
Difficulty: Moderate
Ref: Traditional Organization Structures

114. A(n) _____ groups together people who work on the same product or process, serve similar customers, or work in the same area or geographic region.
a) Divisional structure.
b) Informal structure.
c) Matrix structure.
d) Integration structure.
e) Functional structure.

Ans: A
Difficulty: Moderate
Ref: Traditional Organization Structures

115. All of the following are potential advantages of using a divisional structure except:
a) More flexibility in responding to environmental changes.
b) Establishes clear points of responsibility for product or service delivery.
c) Expertise is focused on specific customers, products, or regions.
d) Duplication of resources and efforts across divisions.
e) Greater ease in changing size by adding or deleting divisions.

Ans: D
Difficulty: Moderate
Ref: Traditional Organization Structures

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116. _____structures group together jobs and activities dealing with a single product or service.
a) Product structures.
b) Geographical structures.
c) Area structures.
d) Customer structures
e) Process structures.

Ans: A
Difficulty: Easy
Ref: Traditional Organization Structures

117. _____ clearly identify costs, profits, problems, and successes in a market area with a central point of accountability.
a) Product structures.
b) Geographical structures.
c) Area structures.
d) Customer structures
e) Process structures.

Ans: A
Difficulty: Easy
Ref: Traditional Organization Structures

118. _____ structures group together jobs and activities that are being performed in the same location.
a) Product.
b) Market.
c) Geographical.
d) Customer.
e) Process.

Ans: C
Difficulty: Easy
Ref: Traditional Organization Structures

119. _____ structures are typically used when there is a need to differentiate products or services in various locations, such as in different regions of a nation or in international operations where there is a need to focus on the requirements of particular cultures and regions of the world.
a) Product.
b) Market.
c) Geographical.
d) Customer.
e) Process.

Ans: C
Difficulty: Easy
Ref: Traditional Organization Structures

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120. Structures that group together jobs and activities that are serving the same customers or clients are called _____ structures.
a) Product.
b) Process.
c) Matrix.
d) Customer.
e) Geographical.

Ans: D
Difficulty: Easy
Ref: Traditional Organization Structures

121. _____ are particularly appealing because they can best serve the special needs of different customer groups.
a) Product structures.
b) Process structures.
c) Matrix structures.
d) Customer structures.
e) Geographical structures.

Ans: D
Difficulty: Easy
Ref: Traditional Organization Structures

122. A _____ is a group of tasks related to one another that collectively creates something of value to a customer.
a) Work team.
b) Work process.
c) Job.
d) Work group.
e) Manufacturing system.

Ans: B
Difficulty: Easy
Ref: Traditional Organization Structures

123. Structures that group together jobs and activities that are part of the same processes are called _____ structures.
a) Geographical.
b) Product.
c) Matrix.
d) Customer.
e) Process.

Ans: E
Difficulty: Easy
Ref: Traditional Organization Structures

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124. A matrix structure basically combines elements of _____and _____ structures.
a) Horizontal … vertical.
b) Horizontal … divisional.
c) Functional … vertical.
d) Functional … divisional.
e) Vertical … divisional.

Ans: D
Difficulty: Moderate
Ref: Traditional Organization Structures

125. Which structural approach makes use of permanent cross-functional teams to integrate functional expertise in support of a clear divisional focus on a product, project, or program?
a) Hybrid.
b) Matrix.
c) Divisional.
d) Functional.
e) Individual.

Ans: B
Difficulty: Easy
Ref: Traditional Organization Structures

126. Workers in a matrix structure belong to at least two formal groups at the same time. These two groups are a _____ group and a _____ group.
a) Functional … product, project, or program.
b) Supplier … distributor
c) Union … product, project, or program.
d) Functional … non-functional.
e) Functional … total quality.

Ans: A
Difficulty: Moderate
Ref: Traditional Organization Structures

127. If an organization is concerned about frequently adding and deleting new products or services and also wants to make sure that customers or clients always have a program manager available to respond to questions and concerns, the_____ structural form is a good choice.
a) Horizontal.
b) Vertical.
c) Functional.
d) Divisional.
e) Matrix.

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Ans: E
Difficulty: Hard
Ref: Traditional Organization Structures

128. All the following are potential disadvantages of the matrix structure except:
a) Adding team leaders increase costs.
b) "Groupitis".
c) Problem solving is forced down the hierarchy to where the best information is available.
d) Power struggles between functional and program managers.
e) Confusion of team members regarding task direction.

Ans: C
Difficulty: Moderate
Ref: Traditional Organization Structures

129. Horizontal structures provide all of the following except:
a) Decreases hierarchy.
b) Increases empowerment.
c) Better mobilization of technology.
d) Focuses the organization around functions, not processes.
e) Better use of human talents.

Ans: D
Difficulty: Easy
Ref: Horizontal Organization Structures

130. A _____ uses both permanent and temporary cross-functional teams to solve problems, complete special projects, and accomplish daily tasks.
a) Geographical structure.
b) Cross-functional structure.
c) Team structure.
d) Divisional structure.
e) Matrix structure.

Ans: C
Difficulty: Easy
Ref: Traditional Organization Structures

131. A(n) _____ brings together members from different areas of work responsibility.
a) Interdepartmental team.
b) Cross-functional team.
c) Self-managing team.
d) Task team.
e) Network team.

Ans: B

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Difficulty: Easy
Ref: Traditional Organization Structures

132. A _____ is set up for a particular task or project and disbands once it is a completed.
a) Matrix structure.
b) Self-managing team.
c) Project team.
d) Process team.
e) Network team.

Ans: C
Difficulty: Easy
Ref: Traditional Organization Structures

133. One of the disadvantages of using a team structure is _____.
a) Conflicting loyalties of members.
b) Speed and quality of decisions.
c) Improved morale.
d) Shared knowledge.
e) Improving lateral relations.

Ans: A
Difficulty: Easy
Ref: Traditional Organization Structures

134. Which of the following are potential disadvantages of team structures?
a) Conflicting loyalties among members regarding both team and functional assignments.
b) Excessive time spent in meetings.
c) Effectiveness of the time that team members spend together depends on the quality of interpersonal relations, group dynamics, and team management.
d) Alternatives A and B are potential disadvantages of team structures.
e) Alternatives A, B, and C are potential disadvantages of team structures.

Ans: E
Difficulty: Moderate
Ref: Traditional Organization Structures

135. Organizations that are set up with a central core that is linked with outside contractors and suppliers of essential business services are called _____ structures.
a) Hybrid.
b) Network.
c) Geographic.
d) Horizontal.
e) Global.

Ans: B

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Difficulty: Easy
Ref: Traditional Organization Structures

136. Network organizations own only the _____ and outsource _____.
a) Information technology … actual production work.
b) Essential core functions … the support functions.
c) Support functions … core functions.
d) Intellectual property … the manufacturing of products.
e) Essential core functions … all customer contacts.

Ans: B
Difficulty: Hard
Ref: Traditional Organization Structures

137. Potential advantages of network structures include which of the following?
a) Companies can operate with fewer full-time employees and less complex internal systems.
b) Companies can reduce overhead costs and increase operating efficiency.
c) Companies can operate across great distances.
d) All of the above are potential advantages of a network structure.
e) None of the above is a potential advantage of a network structure.

Ans: D
Difficulty: Moderate
Ref: Traditional Organization Structures

138. The potential disadvantages of the network structure are due primarily to the demands of _____.
a) Being flexible in responding to changing conditions.
b) Having fewer full-time employees to help supervisor's managerial empire.
c) Having new management responsibilities.
d) Operating across great distance.
e) Trying to reduce overhead through expanded relationships.

Ans: C
Difficulty: Moderate
Ref: Traditional Organization Structures

139. Which one of the following is not a potential disadvantage of network structures?
a) Control and coordination problems may arise from network complexity.
b) Permits operations across great distances.
c) Potential loss of control over outsourced activities.
d) The more complex the business or mission, the more complicated the network.
e) Potential for lack of loyalty to develop among infrequently used contractors.

Ans: B
Difficulty: Moderate

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Ref: Traditional Organization Structures

140. A _____ organization eliminates internal boundaries among parts and external boundaries linking with the external environment.
a) Divisional.
b) Boundaryless.
c) Functional.
d) Geographical.
e) Matrix.

Ans: B
Difficulty: Easy
Ref: Traditional Organization Structures

141. _____ organizations are those in which teamwork and intense communication take the place of formal lines of authority.
a) Divisional.
b) Functional.
c) Geographical.
d) Matrix.
e) Boundaryless.

Ans: E
Difficulty: Easy
Ref: Traditional Organization Structures

142. A key assumption underlying _____ organizations is that empowered people working together without bureaucratic restrictions can accomplish great things.
a) Divisional.
b) Functional.
c) Geographical.
d) Boundaryless.
e) Matrix.

Ans: D
Difficulty: Easy
Ref: Traditional Organization Structures

143. A(n) _____ is a special form of a boundaryless organization.
a) Functional organization.
b) Divisional organization.
c) Virtual organization.
d) Upside-down pyramid.
e) Matrix structure.

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Ans: C
Difficulty: Easy
Ref: Traditional Organization Structures

144. A(n) _____ operates in a shifting network of external strategic alliances that are engaged as needed, and typically are supported by extensive information technology (IT) utilization.
a) Virtual organization.
b) Upside-down pyramid.
c) Functional organization.
d) Divisional organization.
e) Matrix structure.

Ans: A
Difficulty: Easy
Ref: Traditional Organization Structures

145. _____ is the process of choosing and implementing structures that best arrange resources to accomplish the organization's mission and objectives.
a) Cultural management.
b) Structural strategizing.
c) Organization design.
d) Mechanizing the organization.
e) Cultural adaptation.

Ans: C
Difficulty: Easy
Ref: Organizational Designs

146. The ultimate purpose of _____ is to create an alignment between structures and situational challenges.
a) Cultural management.
b) Structural strategizing.
c) Organization design.
d) Mechanizing the organization.
e) Cultural adaptation.

Ans: C
Difficulty: Easy
Ref: Organizational Designs

147. A(n) _____ is a form of organization based on logic, order, and the legitimate use of formal authority.
a) Rational structure.
b) Authoritative organization.
c) Ethical culture.
d) Bureaucracy.
e) Adaptive structure.

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Ans: D
Difficulty: Easy
Ref: Organizational Designs

148. As an "ideal organizational form," bureaucracy is characterized by all of the following except:
a) A clear-cut division of labour.
b) Positions arranged in a strict hierarchy of authority.
c) Orderliness, fairness, and efficiency.
d) A system of formal rules and procedures.
e) Promotions based on seniority.

Ans: E
Difficulty: Moderate
Ref: Organizational Designs

149. In a classic study conducted in the 1960s, Burns and Stalker _____.
a) Identified three basic organizational forms: bureaucratic, mechanistic, and organic.
b) Developed conclusions that have been substantially refuted by later research.
c) Revealed that bureaucratic structures thrived when the environment was uncertain and changing.
d) Favoured organic over mechanistic forms.
e) Concluded that different organizational structures could be successful, depending on the nature of the firm's external environment.

Ans: E
Difficulty: Hard
Ref: Organizational Designs

150. The organizational design that is highly bureaucratic in nature is called the _____ design.
a) Machine.
b) Mechanistic.
c) Organic.
d) Professional.
e) Divisional.

Ans: B
Difficulty: Easy
Ref: Organizational Designs

151. Mechanistic designs are _____ structures with a _____ form.
a) Loose … horizontal.
b) Loose … vertical.
c) Tight … horizontal.
d) Tight … vertical.
e) Open … network.

Ans: D

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Difficulty: Hard
Ref: Organizational Designs

152. The _____ design is characterized by decentralization, wider spans of control, and few rules and procedures.
a) Mechanistic.
b) Traditional.
c) Organic.
d) Bureaucratic.
e) Transformational.

Ans: C
Difficulty: Easy
Ref: Organizational Designs

153. An organic design has all the following characteristics EXCEPT:
a) Decentralized authority.
b) Few rules and procedures.
c) Narrow spans of control.
d) Shared tasks.
e) Many teams and task forces.

Ans: C
Difficulty: Moderate
Ref: Organizational Designs

154. Organizations that operate with a minimum of bureaucratic features and encourage worker empowerment and teamwork are called _____.
a) Organic organizations.
b) Networks.
c) New bureaucracies.
d) Adaptive organizations.
e) Mechanistic organizations.

Ans: D
Difficulty: Easy
Ref: Organizational Designs

155. Organic designs are _____ systems in which a lot of work gets done through _____ structures and networks of interpersonal contacts.
a) Loose … formal.
b) Loose … informal.
c) Tight … formal.
d) Tight … informal.
e) Open … highly formal.

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Ans: B
Difficulty: Hard
Ref: Organizational Designs

156. _____ have features of _____, including decentralized authority, fewer rules and procedures, less division of labour, wider spans of control, and more personal means of coordination.
a) Adaptive organizations … organic designs.
b) Bureaucratic organizations … organic designs.
c) Bureaucratic organizations … mechanistic designs.
d) Adaptive organizations … mechanistic designs.
e) Adaptive organizations … functional designs.

Ans: A
Difficulty: Hard
Ref: Organizational Designs

157. A highly adaptive organization can become one that is designed for continuous adaptation through problem solving, innovation, and learning. This type of organization is known as a _____.
a) Matrix organization.
b) Learning organization.
c) New age organization.
d) Contemporary organization.
e) Change management organization.

Ans: B
Difficulty: Easy
Ref: Organizational Designs

158. _____ is a work unit or department headed by a manager and that operates as a smaller component of a larger and total organizational system.
a) A subsystem.
b) An upside-down pyramid.
c) An organization chart.
d) A workflow.
e) A work process.

Ans: A
Difficulty: Easy
Ref: Organizational Designs

159. Based on their study of the relationships between environmental uncertainty and systems design, Paul Lawrence and Jay Lorsch found that _____in uncertain environments had more _____.
a) Unsuccessful firms … organic designs
b) Successful firms … organic designs.
c) Successful firms … mechanistic designs.

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d) Small firms … small-batch production technology.
e) Large firms … long-linked technology.

Ans: B
Difficulty: Hard
Ref: Organizational Designs

160. _____ is the degree of difference that exists between the internal components of the organization.
a) Job diversity.
b) Differentiation.
c) Internal elaboration.
d) Departmentalization.
e) Structural elaboration.

Ans: B
Difficulty: Easy
Ref: Organizational Designs

161. _____ is the level of coordination achieved among an organization's internal components.
a) Collaboration.
b) Internal control.
c) Integration.
d) Interdepartmental compromise.
e) Internal elaboration.

Ans: C
Difficulty: Easy
Ref: Organizational Designs

162. All of the following are ways to improve subsystems integration except:
a) Rules and procedures.
b) Task forces.
c) Matrix organizations.
d) Divisional organizations.
e) Liaison roles.

Ans: D
Difficulty: Moderate
Ref: Organizational Designs

163. The line of authority that vertically links all persons with successively higher levels of management is the _____.
a) Unity-of-command principle.
b) Span-of-control principle.
c) Channel-of-communication principle.
d) Chain of command.

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e) Line of authority.

Ans: D
Difficulty: Easy
Ref: Organizational Designs

164. When organizations grow in size, adding levels of management and thereby lengthening the chain of command, they tend to get _____.
a) Taller.
b) Shorter.
c) Flatter.
d) Wider.
e) Narrower.

Ans: A
Difficulty: Easy
Ref: Organizational Designs

165. The number of persons reporting directly to a single manager is an organizational issue relating to _____.
a) Functional authority.
b) Centralization.
c) Line and staff relationships.
d) Informal structures.
e) Span of control.

Ans: E
Difficulty: Easy
Ref: Organizational Designs

166. Which of the following statements about span of control is not accurate?
a) When the span of control is narrow, relatively few people report directly to a given manager.
b) Early management theorists sought to determine the optimum span of control for any manager.
c) There is a limit to the number of people one manager can effectively supervise.
d) Narrow spans of control create an organization that is less efficient and less flexible.
e) Wider spans of control usually result in additional management overhead costs.

Ans: E
Difficulty: Hard
Ref: Organizational Designs

167. The process of entrusting work to others in the organization by giving them the right to make decisions and take action is _____.
a) What the manager should do.
b) The hierarchy of authority.
c) Delegation.
d) Empowerment.

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e) Decentralization.

Ans: C
Difficulty: Easy
Ref: Organizational Designs

168. The _____ principle states: "authority should equal responsibility when work is delegated from a supervisor to a subordinate."
a) Scalar.
b) Span-of-control.
c) Balance-of-command.
d) Responsible management.
e) Authority-and-responsibility.

Ans: E
Difficulty: Easy
Ref: Organizational Designs

169. The current trend in delegation is _____.
a) To delegate more only to middle management.
b) To empower people only at the bottom level of the organization.
c) To delegate less and retain power at the top of the organization.
d) To maintain the status quo.
e) To delegate more and find more ways to empower people at all levels.

Ans: E
Difficulty: Hard
Ref: Organizational Designs

170. Which of the following statements does not provide an accurate description of some aspect of delegation?
a) Failure to delegate may result from a manager's lack of trust in others or his/her inflexibility regarding how things should be done.
b) Failure to delegate overloads the manager with work that could be done by others.
c) Effective delegation denies others opportunities to fully utilize their talents on the job.
d) Effective delegation leads to empowerment of workers.
e) Effective delegation can increase employees' job satisfaction and work performance.

Ans: C
Difficulty: Hard
Ref: Organizational Designs

171. When decision-making authority is concentrated at the top levels of an organization, the organization is said to be _____.
a) Vertically coordinated.
b) Decentralized.
c) Centralized.

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d) Horizontally coordinated.
e) Control oriented.

Ans: C
Difficulty: Easy
Ref: Organizational Designs

172. In a highly centralized organization, one would expect to find _____.
a) Relatively flat structures.
b) Functional forms of departmentalization.
c) A concentration of decision making with top management.
d) Increased job autonomy.
e) Less concern for the size of spans of control.

Ans: C
Difficulty: Easy
Ref: Organizational Designs

173. With respect to centralization and decentralization, the current trend is for organizations to _____.
a) Centralize both decision making and control.
b) Decentralize both decision making and control.
c) Decentralize decision making and centralize control.
d) Centralize decision making and decentralize control.
e) De-emphasize the roles of centralization and decentralization in decision making and control.

Ans: C
Difficulty: Moderate
Ref: Organizational Designs

174. People who perform a technical service or provide special problem-solving expertise for other parts of the organization are called _____.
a) Personal staff.
b) Functional staff.
c) Vice presidential staff.
d) Specialized staff.
e) Chief executive staff.

Ans: D
Difficulty: Easy
Ref: Organizational Designs

175. Which of the following statements does not accurately describe challenges associated with the use of staff?
a) Because of cost considerations, cutting back on staff is a common first choice in downsizing and other turnaround efforts.
b) Staff with advisory authority can suggest but not dictate.
c) Staff with functional authority can require that others do as requested within the boundaries of staff expertise.

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d) There is one best way to divide work between line and staff responsibilities.
e) Staff can grow to the point where it costs more in administrative overhead than the staff is worth.

Ans: D
Difficulty: Hard
Ref: Organizational Designs

176. The current trend in the use of staff is to _____.
a) Reduce the size of staff in order to increase operating efficiency.
b) Maximize the size of staff in order to increase operating effectiveness.
c) Maximize the size of staff in order to help create a full-employment economy.
d) Completely eliminate staff positions.
e) Change the staff size in proportion to changes in sales.

Ans: A
Difficulty: Hard
Ref: Organizational Designs

Essay Questions

177. What is the organizing function? How does it relate to the other management functions?

Ans: Organizing is the process of arranging people and other resources to work together to accomplish a goal. Organizing follows the planning function and precedes the leading and controlling functions. Planning gives direction to the organization by providing a clear mission, core values, objectives, and strategy. In short, planning results in strategy formulation. Organizing begins the process of strategy implementation by dividing up the work, arranging resources, and coordinating activities. Leading and controlling continue with the process of strategy implementation
Difficulty: Moderate
Ref: Organizing as a Management Function

178. What is a social network analysis and why is it, in many ways, essential to organizational success?

Ans: Social network analysis is one way of identifying informal structures and their embedded social relationships. Such an analysis typically asks people to identify others whom they turn to for help most often, and with whom they communicate regularly, and who energize and de-energize them. 6 Social networks are then drawn with lines running from person to person according to frequency and type of relationship maintained. The result is an organizational map that shows how a lot of work really gets done in organizations, in contrast to the formal arrangements depicted on organization charts. This information is useful for redesigning the formal structure for better performance, and it also legitimates the informal networks people use in their daily work. Informal structures and social networks are in many ways essential to organizational success. This is especially true during times of change, when out-of-date formal structures may fail to provide the support people need to deal with new or unusual situations. Because it takes time to change or modify formal structures, the informal structure helps fill the void. The emergent and spontaneous relationships of informal structures allow people to make contacts with others who can help them get things done. Informal learning also takes place as people work and interact together throughout the

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workday. And, informal structures are sources of emotional support and friendship that satisfy important social needs.
Difficulty: Moderate
Organizing as a Management Function

179. Explain the concepts of organization chart, formal structure, and informal structure. Why must a manager understand both the formal structure and the informal structure of an organization?

Ans: An organization chart — which is a diagram identifying key positions and job titles within an organization, as well as lines of authority and communication — provides a representation of the organization's formal structure. The formal structure is the organization's official structure; it reflects the official pattern of relationships in an organization. The informal structure is a "shadow" organization made up of the unofficial, but often critical, working relationships among organizational members.
By understanding the formal structure, a manager knows about the organization's division of work, supervisory relationships, communication channels, major subunits, and levels of management. This knowledge indicates how the organization is supposed to work. However, an organization does not always operate according to the dictates of the formal structure. Knowledge of the informal structure is needed as well since the informal structure supplements rather than replaces the formal structure.
Difficulty: Moderate
Ref: Organizing as a Management Function

180. Identify the advantages of matrix structures.

Ans: The main benefits of matrix structures rest with the teams whose members work closely together to share expertise and information in a timely manner to solve problems. The potential advantages of matrix structures include:

- Better cooperation across functions.
- Improved decision making; problem solving takes place at the team level where the best information is available.
- Increased flexibility in adding, removing, or changing operations to meet changing demands.
- Better customer service; there is always a program, product, or project manager informed and available to answer questions.
- Better performance accountability through the program, product, or project managers.
- Improved strategic management; top managers are freed from lower-level problem solving to focus more time on strategic issues.

Difficulty: Hard
Ref: Traditional Organization Structures

181. Briefly describe the functional, divisional, and matrix types of organizational structure. What are the advantages and disadvantages of each type of organizational structure?

Ans: Functional structures occur when people with similar skills and performing similar tasks are grouped together. Potential advantages of functional structures include the following: economies of scale with efficient use of resources; task assignments consistent with expertise and training; high-quality technical problem solving; in-depth training and skill development within functions; and clear career paths within functions. Potential disadvantages of functional structures include: the functional chimneys problem; development of self-centered and narrow viewpoints,

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which tend to break down the sense of cooperation and common purpose; too many decisions being referred upward in the hierarchy; and difficulties in pinpointing responsibilities for cost containment, product or service quality, timeliness, and innovation in response to environmental changes.
Divisional structures group together people who work on the same product or process, serve similar customers, or are located in the same area or geographic region. Potential advantages of divisional structures include: more flexibility in responding to environmental changes; improved coordination across functional departments; clear points of responsibility for product or service delivery; expertise focused on specific customers, products, and regions; and greater ease in changing size by adding or deleting divisions. Potential disadvantages of divisional structures include: duplication of resources and efforts across divisions, competition and poor coordination across divisions, and emphasis on divisional goals at the expense of organizational goals.
A matrix structure combines elements of both the functional and divisional structures in an attempt to gain the advantages and minimize the disadvantages of each. Potential advantages of matrix structures include: more interfunctional cooperation in operations; increased flexibility in meeting changing demands; better customer service championed by project managers; better performance accountability through project managers; improved problem solving taking place at the team level, where the best information is available; and improved strategic management as top managers are freed to focus on strategic issues. Potential disadvantages of matrix structures include the following: the two-boss system can result in power struggles as functional supervisors and team leaders compete with each other to exercise authority; the two-boss system can create task confusion and conflict in work priorities; teams may develop "groupitis" — strong team loyalties that cause a loss of focus on larger organizational goals; and costs may increase due to adding team leaders to the structure.
Difficulty: Moderate
Ref: Traditional Organization Structures

182. Briefly discuss the nature of team structures, network structures, and boundaryless organizations. Why are these new structural forms becoming popular?

Ans: Team structures formally designate and use permanent and temporary teams to accomplish tasks. Team structures often use cross-functional teams that are composed of members from different areas of functional work responsibility. A network structure consists of a central organizational core that is linked through networks of relationships with contractors and outside suppliers of essential services. Network structures use communications and information technology to support a shifting variety of strategic alliances and strategic contracts that sustain operations. Boundaryless organizations eliminate internal boundaries linking component parts and external boundaries linking with the external environment. In the internal context, teamwork and communication replace formal lines of authority. In the external context, organizational needs are met through a shifting mix of outsourcing contracts and operating alliances that form and disband with changing circumstances.
These structural forms are becoming popular responses to the increasing pressures created by the global economy and hypercompetition. To respond to these pressures, organizations are relying on horizontal structures - such as team structures, network structures, and boundaryless organizations - that promote integration and utilize cross-functional teamwork.
Difficulty: Moderate
Ref: Horizontal Organization Structures

183. Identify the different organizing trends in the modern workplace. Explain how these trends will affect the operations of contemporary organizations.

Ans: The text identifies four organizing trends that are affecting contemporary organizations. These trends are the following:

- Fewer levels of Management:

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- Chains of command — organizations are being "streamlined" by cutting unnecessary levels of management; flatter and more horizontal structures are viewed as a competitive advantage. When organizations grow in size, they tend to get taller as more and more levels of management are added to the chain of command.
- Span of control — many organizations are shifting to wider spans of control as levels of management are eliminated and subordinates operate with less direct supervision.
- More delegation and empowerment — managers are delegating more so that people at all levels are empowered to make decisions about their work.
- Decentralization with centralization — whereas empowerment and related forces are contributing to more decentralized decision making in organizations, advances in information technology simultaneously allow for the retention of centralized control.
- Reduced use of staff — organizations are trying to reduce the use of staff in order to improve operating efficiency.

All six organizing trends have similar effects on the operations of contemporary organizations. Specifically, the organizing trends share a common theme of making the adjustments needed to streamline operations for cost efficiency, higher performance, and increased worker participation.
Difficulty: Hard
Ref: Organizational Designs

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Chapter 9: Innovation and Organizational Change

True/False

1. Intellectual capital, knowledge management, and learning organizations are increasingly important in the modern business world.

Ans: True
Difficulty: Easy
Ref: Introduction

2. The new economy has created tremendous turmoil but few genuine opportunities.

Ans: False
Difficulty: Moderate
Ref: Introduction

3. Many organizations and their leaders are slow in responding to change.

Ans: True
Difficulty: Easy
Ref: Introduction

4. Creating positive change in organizations is easy, despite the complexity, uncertainty, anxiety, and risk involved.

Ans: False
Difficulty: Moderate
Ref: Introduction

Innovation in Organizations

5. Strategic leadership refers to the "ability to anticipate, envision, maintain flexibility, think strategically, and work with others to initiate changes that will create a viable future for the organization."

Ans: True
Difficulty: Easy
Ref: Innovation in Organizations

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6. The goal of strategic leadership is to make a core competency out of the ability to innovate and continuously change.

Ans: True
Difficulty: Easy
Ref: Innovation in Organizations

7. Invention is the generation of a novel idea or unique approach to solving problems or crafting opportunities.

Ans: False
Difficulty: Moderate
Ref: Innovation in Organizations

Creativity and Innovation

8. Creativity allows an organization to turn technologies and other resources into unique processes and products.

Ans: True
Difficulty: Easy
Ref: Innovation in Organizations

Types of Innovations

9. Product innovations result in better ways of doing things; process innovations result in the creation of new or improved goods and services.

Ans: False
Difficulty: Moderate
Ref: Innovation in Organizations

10. Process and product innovations support invention and application.

Ans: True
Difficulty: Easy
Ref: Innovation in Organizations

11. Business model innovations result in ways for firms to make money.

Ans: True
Difficulty: Easy

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Ref: Innovation in Organizations

The Innovation Process

12. Within the context of Gary Hamel's wheel of innovation, imagining involves thinking about new possibilities, making discoveries by ingenuity or communication with others, and extending existing ways.

Ans: True
Difficulty: Easy
Ref: Innovation in Organizations

13. Within the context of Gary Hamel's wheel of innovation, scaling concerns testing ideas in concept; discussing them with peers, customers, clients, or technical experts; and building initial models, prototypes, or samples.

Ans: False
Difficulty: Moderate
Ref: Innovation in Organizations

14. Within the context of Gary Hamel's wheel of innovation, experimenting refers to examining practicality and financial value through experiments and feasibility studies.

Ans: True
Difficulty: Easy
Ref: Innovation in Organizations

15. Within the context of Gary Hamel's wheel of innovation, designing involves gearing up and implementing new processes; putting to work what has been learned; and commercializing new products or services.

Ans: False
Difficulty: Moderate
Ref: Innovation in Organizations

16. Commercializing innovation is the process of turning new ideas into products or processes that can increase profits through greater sales or reduced costs.

Ans: True
Difficulty: Easy
Ref: Innovation in Organizations

Characteristics of Innovative Organizations

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17. Highly innovative organizations have organic structures that rely on lateral communications as well as cross-functional teams and task forces.

Ans: True
Difficulty: Easy
Ref: Innovation in Organizations

18. Highly innovative organizations fulfill five critical innovation roles: idea generators, information gatekeepers, product champions, project managers, and innovation leaders.

Ans: True
Difficulty: Easy
Ref: Innovation in Organizations

19. The process of turning ideas into innovations that reduce the carbon footprint of an organization or its products is called Green Innovation.

Ans: True
Difficulty: Easy
Ref: Innovation in Organizations

20. Green innovations do not support the idea of sustainability.

Ans: False
Difficulty: Easy
Ref: Innovation in Organizations

21. Using videoconferencing instead of flying to a meeting in person is an example of a green innovation.

Ans: True
Difficulty: Hard
Ref: Innovation in Organizations

22. An ethical question that is being debated today is, "Does it make a difference if a company does 'good things' for selfish reasons"?

Ans: True
Difficulty: Moderate
Ref: Innovation in Organizations

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23. Social entrepreneurship tries to avoid the pursuit of innovative ways to create change that benefits society.

Ans: False
Difficulty: Moderate
Ref: Innovation in Organizations

24. Social entrepreneurship attempts to solve pressing social problems through applying entrepreneurship and innovation for social good.

Ans: True
Difficulty: Hard
Ref: Innovation in Organizations

25. Establishing a scholarship fund to help families make do not qualify for college scholarships because they are slightly over the income cut-off limit is an example of social entrepreneurship.

Ans: True
Difficulty: Hard
Ref: Innovation in Organizations

26. Innovative organizations have the capacity to move fast with innovations. This helps deliver competitive advantage.

Ans: True
Difficulty: Moderate
Ref: Innovation in Organizations

27. Most surveys say that to create a highly innovative organization you need strategy, culture, top management and staffing.

Ans: True
Difficulty: Hard
Ref: Innovation in Organizations

28. With respect to corporate strategy and culture, highly innovative organizations are willing to take risks, accept failure, emphasize an entrepreneurial spirit, and expect innovation.

Ans: True
Difficulty: Easy
Ref: Innovation in Organizations

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29. Highly innovative organizations have top managers who understand the innovation process, tolerate criticism and differences of opinion, take all possible steps to keep goals clear, and maintain the pressure to succeed.

Ans: True
Difficulty: Moderate
Ref: Innovation in Organizations

Change Leaders

30. A change leader is a change agent who takes leadership responsibility for changing the existing pattern of behaviour of another person or social system.

Ans: True
Difficulty: Easy
Ref: Organizational Change

Change Leaders and Models of Change Leadership

31. Change leaders are threatened by change; status quo managers are confident of their ability.

Ans: False
Difficulty: Moderate
Ref: Organizational Change

32. Change leaders are willing to take risks; status quo managers are bothered by uncertainty.

Ans: True
Difficulty: Easy
Ref: Organizational Change

33. Change leaders wait for things to happen; status quo managers make things happen.

Ans: False
Difficulty: Moderate
Ref: Organizational Change

Models of Change Leadership

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34. Top-down change occurs when senior managers initiate changes with the goal of having a comprehensive impact on the organization and its performance capabilities.

Ans: True
Difficulty: Easy
Ref: Organizational Change

35. Top-down change can be implemented effectively through the use of force because it is likely to produce substantial commitment to change.

Ans: False
Difficulty: Moderate
Ref: Organizational Change

36. Bottom-up change occurs when the initiatives for change come from any and all parts of the organization, not just top management.

Ans: True
Difficulty: Easy
Ref: Organizational Change

37. The most successful and enduring change leadership is that which can harness the advantages of both top-down and bottom-up change.

Ans: True
Difficulty: Easy
Ref: Organizational Change

38. Bottom-up change initiatives are necessary to build institutional capability for sustainable change and organizational learning.

Ans: True
Difficulty: Moderate
Ref: Organizational Change

Incremental and Transformational Change

39. Planned change takes steps to best align the organization with anticipated future challenges.

Ans: True
Difficulty: Easy
Ref: Organizational Change

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40. Transformational change is a type of planned change that results in a major and comprehensive redirection of the organization.

Ans: True
Difficulty: Easy
Ref: Organizational Change

41. A performance gap is a discrepancy between a desired and actual state of affairs.

Ans: True
Difficulty: Easy
Ref: Organizational Change

42. Reactive change is a type of planned change that bends and nudges existing systems and practices to better align them with emerging problems and opportunities.

Ans: False
Difficulty: Moderate
Ref: Organizational Change

Forces and Targets for Change

43. External forces for change in contemporary organizations include globalization and market competition, local economic conditions, governmental laws and regulations, technological developments, market trends, and social forces and values.

Ans: True
Difficulty: Easy
Ref: Organizational Change

44. Internal forces for change are not as significant to the organization as external forces.

Ans: False
Difficulty: Moderate
Ref: Organizational Change

45. The organizational targets for change include tasks, people, structure, technology, and culture.

Ans: True

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Difficulty: Easy
Ref: Organizational Change

46. A common organizational target for change involves the attitudes and competencies of the employees and the human resource systems that support them.

Ans: True
Difficulty: Easy
Ref: Organizational Change

47. People may not want to change even when conditions require it; consequently, managers and change agents need to deal with people's tendencies to resist change.

Ans: True
Difficulty: Easy
Ref: Managing Planned Change

Phases of Planned Change

48. Unfreezing is the change phase in which a situation is prepared for change and felt needs for change are developed.

Ans: True
Difficulty: Easy
Ref: Managing Planned Change

49. Changing, the second phase of Lewin's planned organizational change model, can be implemented by identifying new, more effective ways of behaving; choosing appropriate changes in tasks, people, culture, technology, and/or structure; and taking action to put changes in tasks, people, culture, technology, and/or structure into place.

Ans: True
Difficulty: Easy
Ref: Managing Planned Change

50. Refreezing is the phase of stabilizing the change and creating the conditions for its long-term continuity.

Ans: True
Difficulty: Easy
Ref: Managing Planned Change

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Change Strategies

51. A force-coercion strategy for change involves the use of formal authority and/or rewards or punishments.

Ans: True
Difficulty: Easy
Ref: Managing Planned Change

52. Political manoeuvring is the version of the force-coercion change strategy that is being used when the change agent takes direct and unilateral action to command that change occurs.

Ans: False
Difficulty: Moderate
Ref: Managing Planned Change

53. A manager who uses the rational persuasion change strategy relies on special knowledge, empirical data, and rational argument to bring about change.

Ans: True
Difficulty: Easy
Ref: Managing Planned Change

54. Change agents who use the rational persuasion change strategy believe that people are guided by reason in their actions and decision making, and they use information and facts to communicate the desirability of change.

Ans: True
Difficulty: Easy
Ref: Managing Planned Change

55. Change agents who use the rational persuasion change strategy believe they do not need to convince others of the cost-benefit value of the change, since it appears reasonably obvious.

Ans: False
Difficulty: Moderate
Ref: Managing Planned Change

56. Change agents who rely on the shared power strategy believe that people behave as they do because of socio-cultural norms and commitments to others' expectations, and they are sensitive to the way group pressures can support or inhibit change.

Ans: True

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Difficulty: Easy
Ref: Managing Planned Change

Resistance to Change

57. Resistance to change can be viewed as feedback that an informed change agent can use constructively to modify a planned change to better fit situational needs and goals.

Ans: True
Difficulty: Moderate
Ref: Managing Planned Change

58. Resistance to change must be stopped immediately because it can destroy the planned changed effort.

Ans: False
Difficulty: Hard
Ref: Managing Planned Change

59. A manager who uses participation and involvement in order to overcome employee resistance to change will allow others to contribute ideas and help design and implement the change.

Ans: True
Difficulty: Easy
Ref: Managing Planned Change

60. The facilitation and agreement approach for overcoming resistance to change involves providing encouragement and training, actively listening to problems, and helping resistors to deal with performance pressures.

Ans: False
Difficulty: Moderate
Ref: Managing Planned Change

61. People will resist planned change due to fear of the unknown, loss of confidence, loss of control, and loss of face; but not because of lack of purpose, poor timing, work overload, or disrupted habits.

Ans: False
Difficulty: Moderate
Ref: Managing Planned Change

Challenges of Technological Change

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62. Technological change may best be approached as an ongoing process that will inevitably require improvisation as things are being implemented.

Ans: True
Difficulty: Easy
Ref: Managing Planned Change

63. In implementing new technology, the change agent should continually gather and process information relating to the change, but should insist attempts to customize the new technology for needs of the local situation.

Ans: False
Difficulty: Moderate
Ref: Managing Planned Change

Resistance to Change

64. When people resist change, they are most often defending something important that appears threatened.

Ans: True
Difficulty: Easy
Ref: Managing Planned Change

65. Resistance to change is better viewed as something to be overcome rather than as feedback.

Ans: False
Difficulty: Moderate
Ref: Managing Planned Change

66. The presence of resistance to change usually means that nothing can be done to achieve a better "fit" among the planned change, the situation and the people involved.

Ans: False
Difficulty: Moderate
Ref: Managing Planned Change

67. Two of the least risky and most desirable approaches to resistance are manipulation and co-optation and explicit and implicit coercion because they have no negative consequences.

Ans: False

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Difficulty: Hard
Ref: Managing Planned Change

68. There are nine basic checkpoints that help greatly in dealing with resistance and in leading successful organizational changes.

Ans: False
Difficulty: Hard
Ref: Managing Planned Change

69. Good advice for an organizational resistance to change would be to: check the benefits, check the compatibility, check the simplicity, and check the triability.

Ans: True
Difficulty: Moderate
Ref: Managing Planned Change

70. Organization development is a comprehensive approach to planned organizational change that involves the application of behavioural science in a systematic and long-range effort to improve organizational effectiveness.

Ans: True
Difficulty: Easy
Ref: Organizational Development

Organization Development Goals

72. The process goals of organizational development focus on the way people work together.

Ans: True
Difficulty: Moderate
Ref: Organizational Development

72. The outcome goals of organizational development focus on the way people work together.

Ans: False
Difficulty: Moderate
Ref: Organizational Development

73. Thinking of organizational development as "planned change plus" means that change is accomplished in such a way that organization members are capable of self-renewal and continued development.

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Ans: True
Difficulty: Easy
Ref: Organizational Development

How Organization Development Works

74. The first step in the organizational development process is establishing a working relationship with the client system.

Ans: True
Difficulty: Easy
Ref: Organizational Development

75. The intervention stage of the organization development process corresponds to the changing phase of Lewin's change model.

Ans: True
Difficulty: Easy
Ref: Organizational Development

76. Achieving a terminal relationship within the organization development process occurs when the consultant leaves the client.

Ans: True
Difficulty: Easy
Ref: Organizational Development

Organization Development Interventions

77. An organization development intervention is an activity initiated by change agents or managers to directly facilitate the change process.

Ans: True
Difficulty: Easy
Ref: Organizational Development

78. Individual organization development interventions generally recognize that people are not likely to assume responsibility for their actions.

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Ans: False
Difficulty: Moderate
Ref: Organizational Development

79. Individual organization development interventions generally recognize that expecting a positive outcome or contribution from individuals is not likely if they are asked to change.

Ans: False
Difficulty: Moderate
Ref: Organizational Development

80. Role negotiation involves realigning task components to better fit the needs and capabilities of the individual.

Ans: False
Difficulty: Moderate
Ref: Organizational Development

81. Career planning provides structured advice and discussion sessions to help individuals plan career paths and programs of personal development.

Ans: True
Difficulty: Easy
Ref: Organizational Development

82. Team interventions are based upon the beliefs that teams provide important means for helping people satisfy important needs and that improved collaboration within and among teams can improve organizational performance.

Ans: True
Difficulty: Easy
Ref: Organizational Development

83. Inter-group team building utilizes structured experiences to help team members set goals, improve interpersonal relations, and become a better functioning team.

Ans: Moderate
Difficulty: Easy
Ref: Organizational Development

84. Process consultation uses third-party observation and advice on critical team processes.

Ans: True
Difficulty: Easy

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Ref: Organizational Development

85. Team building involves structured experiences to help two or more teams set shared goals, improve inter-group relations, and become better coordinated.

Ans: False
Difficulty: Moderate
Ref: Organizational Development

86. Organization-wide organization development interventions are based on the beliefs that a change in one part of the system will affect other parts, and that people, systems, structures, technology, and organizational culture can be brought together in productive and satisfying working combinations.

Ans: True
Difficulty: Easy
Ref: Organizational Development

87. Survey feedback is a comprehensive and systematic data collection method to identify attitudes and needs, analyze results, and plan for constructive action.

Ans: True
Difficulty: Easy
Ref: Organizational Development

88. Confrontation meetings are one-day intensive, structured meetings to gather data on workplace problems and plan for constructive actions.

Ans: True
Difficulty: Easy
Ref: Organizational Development

89. Management by objectives involves realigning the organization structure to meet the needs of environmental and contextual forces.

Ans: False
Difficulty: Easy
Ref: Organizational Development

90. Structural redesign involves formalizing goal setting throughout the organization to link individual, group, and organizational objectives.

Ans: False

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Difficulty: Easy
Ref: Organizational Development

Multiple-Choice

91. Which of the following statements does NOT provide an accurate description of the nature and/or impact of change in contemporary businesses?
a) Intellectual capital, knowledge management, and learning organizations are increasingly important in the modern business world.
b) The new economy has created tremendous turmoil but few genuine opportunities.
c) Most traditional organizations have realized that they must change to survive.
d) Increasingly, successful companies have cultures that thrive on change.
e) Many organizations are slow in responding to change.

Ans: B
Difficulty: Moderate
Ref: Introduction

92. Which of the following statements does NOT provide an accurate description of the nature and/or impact of change in today's organizations?
a) Most leaders are quick in responding to change.
b) Creating positive change in organizations is not an easy task.
c) Change involves complexity, uncertainty, anxiety, and risk.
d) Leading organizational change takes great understanding, discipline, and leadership commitment to creativity and innovation.
e) Innovation is a primary source of competitive advantage in the modern business world.

Ans: A
Difficulty: Moderate
Ref: Introduction

93. _____ refers to the "ability to anticipate, envision, maintain flexibility, think strategically, and work with others to initiate changes that will create a viable future for the organization."
a) Team leadership.
b) Strategic leadership.
c) Organizational leadership.
d) Organization development.
e) Multidimensional management.

Ans: B
Difficulty: Easy
Ref: Innovation in Organizations

94. _____ is the generation of a novel idea or unique approach to solving problems or crafting opportunities.

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a) Creativity.
b) Invention.
c) Entrepreneurship.
d) Intrapreneurship.
e) Innovation.

Ans: A
Difficulty: Easy
Ref: Innovation in Organizations

95. _____ is the process of creating new ideas and putting them into practice.
a) Creativity.
b) Invention.
c) Entrepreneurship.
d) Intrapreneurship.
e) Innovation.

Ans: E
Difficulty: Easy
Ref: Innovation in Organizations

96. All of the following statements correctly describe the innovation process EXCEPT:
a) Process innovations result in better ways of doing things.
b) Product innovations result in the creation of new or improved goods and services.
c) Process and product innovations support invention.
d) Process and product innovations support application.
e) Creativity is not essential for innovation.

Ans: E
Difficulty: Easy
Ref: Innovation in Organizations

97. _____ result in the creation of new or improved goods and services.
a) Product innovations
b) Business changes
c) Process innovations
d) Experiments
e) Design changes

Ans: A
Difficulty: Easy
Ref: Innovation in Organizations

98. _____ is the process of turning new ideas into products or processes that can increase profits through greater sales or reduced costs.
a) Product development.

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b) Process value analysis.
c) Commercializing innovation.
d) Marketing research.
e) Supply chain management.

Ans: C
Difficulty: Easy
Ref: Innovation in Organizations

99. Discovering a potential product or a way to modify an existing product involves the _____ step of the product development process.
a) Initial experimentation.
b) Feasibility screening.
c) Idea creation.
d) Feasibility determination.
e) Final application.

Ans: C
Difficulty: Moderate
Ref: Innovation in Organizations

100. _____ is the stage of the product development process in which ideas are shared with others and prototypes are tested.
a) Idea creation.
b) Initial experimentation.
c) Feasibility determination.
d) Feasibility screening.
e) Final application.

Ans: B
Difficulty: Easy
Ref: Innovation in Organizations

101. The _____ step of the product development process involves the commercialization of a new product for sale to customers or clients.
a) Final application.
b) Initial experimentation.
c) Feasibility determination.
d) Feasibility screening.
e) Idea creation.

Ans: A
Difficulty: Easy
Ref: Innovation in Organizations

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102. Suppose an organization has an organic structure that relies on lateral communications, cross-functional teams, and task forces. This organization would be one that is seeking to _____.
a) Maintain the status quo.
b) Innovate very little.
c) Innovate to a moderate degree.
d) Be highly innovative.
e) Innovate but doesn't know how to do it.

Ans: D
Difficulty: Moderate
Ref: Innovation in Organizations

103. Highly innovative organizations have top managers who do all of the following EXCEPT:
a) Understand the innovation process.
b) Tolerate criticism and differences of opinion.
c) Create conflict to stimulate creativity.
d) Take all possible steps to keep goals clear.
e) Maintain the pressure to succeed.

Ans: C
Difficulty: Moderate
Ref: Innovation in Organizations

104. In highly innovative organizations, different critical innovation roles need to be fulfilled. Which of the following is NOT one of these critical innovation roles?
a) Idea generators.
b) Information gatekeepers.
c) Product champions.
d) Project managers.
e) Innovation followers.

Ans: E
Difficulty: Moderate
Ref: Innovation in Organizations

105. Which of the following fits the notion of innovation sustainability?
a) The Peter Principle
b) Green Innovation
c) The Carbon cycle
d) Global warming

Ans: B
Difficulty: Moderate
Ref: Innovation in Organizations

106. Reducing the carbon footprint of an organization could be accomplished by:

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a) Using solar power rather than electricity as a power source in an operating plant
b) Using natural gas rather than nuclear power as a power source in an operating plant
c) Burning leaves in the parking lot openly rather than using coal as a power source
d) Reducing the size of the production facilities to make the footprint smaller

Ans: A
Difficulty: Hard
Ref: Innovation in Organizations

107. A unique form of entrepreneurship that finds novel ways to create changes that solve pressing social problems is:
a) A franchise
b) Social entrepreneurship
c) Social reality
d) Entrepreneurial excellence

Ans: B
Difficulty: Moderate
Ref: Innovation in Organizations

108. The goal of social entrepreneurship is:
a) Monetary gain
b) Higher profits
c) Social change
d) Psychological well-being

Ans: C
Difficulty: Moderate
Ref: Innovation in Organizations

109. Characteristics of innovative organizations are:
a) No different than non-innovative ones
b) Different than non-innovative ones primarily in regard to delivering competitive
c) advantage
d) Not identified by theorists
e) None of the above

Ans: B
Difficulty: Hard
Ref: Innovation in Organizations

110. Strategy, culture, structure top management, and staffing are said to be:
a) The factors of failure
b) The factors which will create an innovative organization
c) The factors of production
d) The continuous improvement factors

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Ans: B
Difficulty: Moderate
Ref: Innovation in Organizations

111. A _____ is a change agent who takes leadership responsibility for changing the existing pattern of behaviour of another person or social system.
a) Change leader.
b) Behavioural leader.
c) Managerial agent.
d) Social worker.
e) Social system manager.

Ans: A
Difficulty: Easy
Ref: Organizational Change

112. A part of every manager's job is to act as a _____ in the workplace.
a) Behavioural agent.
b) Managerial agent.
c) Change agent.
d) Social change manager.
e) Social system manager.

Ans: C
Difficulty: Easy
Ref: Organizational Change

113. Which of the following statements does NOT accurately contrast change leadership with status quo management?
a) Change leaders are threatened by change; status quo managers are confident of their ability.
b) Change leaders are willing to take risks; status quo managers are bothered by uncertainty.
c) Change leaders seize opportunities; status quo managers prefer predictability.
d) Change leaders expect surprise; status quo managers support the current state of affairs.
e) Change leaders make things happen; status quo managers wait for things to happen.

Ans: A
Difficulty: Hard
Ref: Organizational Change

114. _____ occurs when senior managers initiate changes with the goal of having a comprehensive impact on the organization and its performance capabilities.
a) Top-down change.
b) Bottom-up change.
c) Incremental change.
d) Outside-in change.

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e) Inside-out change.

Ans: A
Difficulty: Easy
Ref: Organizational Change

115. Top-down change is initiated and directed by top management. It usually includes all of the following implications EXCEPT:
a) Top-down change may be perceived as insensitive to the needs of lower-level personnel.
b) Top-down change may encounter excessive resistance.
c) Top-down change relies on the willingness of middle-level and lower-level managers to actively support top-management initiatives.
d) Top-down change can be implemented effectively through the use of force.
e) Top-down change may fail due to insufficient commitment of lower-level employees to changing.

Ans: D
Difficulty: Hard
Ref: Organizational Change

116. _____ occurs when the initiatives for change come from any and all parts of the organization, not just top management.
a) Top-down change.
b) Bottom-up change.
c) Incremental change.
d) Outside-in change.
e) Inside-out change.

Ans: B
Difficulty: Easy
Ref: Organizational Change

117. The implications of bottom-up change include all of the following EXCEPT:
a) Initiatives for change come from people throughout the organization.
b) Bottom-up change is essential for organizational innovation.
c) Change is made possible through empowerment, involvement, and participation.
d) Bottom-up change facilitates the adaptation of operations and technologies to the changing work environment.
e) Bottom-up change requires the approval and close oversight of top-level managers.

Ans: E
Difficulty: Moderate
Ref: Organizational Change

118. _____ responds to events as or after they occur.
a) Reactive change.
b) Planned change.
c) Transactional change.

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d) Transformational change.
e) Incremental change.

Ans: A
Difficulty: Easy
Ref: Organizational Change

119. _____ takes steps to best align the organization with anticipated future challenges.
a) Reactive change.
b) Planned change.
c) Transactional change.
d) Transformational change.
e) Incremental change.

Ans: B
Difficulty: Easy
Ref: Organizational Change

120. The discrepancy between the desired and actual state of affairs is the _____.
a) Unexpected result.
b) Performance gap.
c) Unplanned deficiency.
d) Planning differential.
e) Change differential.

Ans: B
Difficulty: Easy
Ref: Organizational Change

121. _____ is a type of planned change that results in a major and comprehensive redirection of the organization.
a) Reactive change.
b) Planned change.
c) Transactional change.
d) Transformational change.
e) Incremental change.

Ans: D
Difficulty: Easy
Ref: Organizational Change

122. Which of the following statements provide useful lessons regarding how to lead transformational change?
a) Establish a sense of urgency for change.
b) Create and communicate a change vision.
c) Celebrate short-term "wins" and recognize those who help.
d) Stay with it; keep the message consistent; champion the vision.

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e) All of the above are useful lessons regarding how to lead transformational change.

Ans: E
Difficulty: Moderate
Ref: Organizational Change

123. _____ is a type of planned change that bends and nudges existing systems and practices to better align them with emerging problems and opportunities.
a) Reactive change.
b) Planned change.
c) Transactional change.
d) Transformational change.
e) Incremental change.

Ans: E
Difficulty: Easy
Ref: Organizational Change

124. External forces for change in contemporary organizations include all of the following EXCEPT:
a) The global economy and local economic conditions.
b) Governmental laws and regulations.
c) Organizational culture.
d) Technological developments and market trends.
e) Social forces.

Ans: C
Difficulty: Moderate
Ref: Organizational Change

125. _____ for change arise when a change in one part of the organizational system creates the need for change in another part of the system
a) Global forces.
b) External forces.
c) Interdepartmental forces.
d) Internal forces.
e) Managerial forces.

Ans: D
Difficulty: Easy
Ref: Organizational Change

126. Which of the following statements is correct with respect to internal forces for organizational change?
a) There are no internal forces for change, only external forces.
b) A change in one part of the organization can create the need for change in another part of the system.
c) Internal forces for change are not as significant to the organization as external forces.
d) Internal forces for change can only be identified after dealing effectively with the external forces.

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e) Once an internal force for change has been addressed, it will not have an impact on the organization again.

Ans: B
Difficulty: Hard
Ref: Organizational Change

127. The many complications of planned change in organizations begin with:
a) The organization.
b) Human nature
c) Middle management
d) Technology deficiencies
e) None of the above

Ans: B
Difficulty: Hard
Ref: Managing Planned Change

128. The unfreezing, changing, and refreezing phases are all parts of what process?
a) Planned-change process.
b) Decision-making process.
c) Conflict resolution process.
d) Organization design process.
e) Negotiation process.

Ans: A
Difficulty: Moderate
Ref: Managing Planned Change

129. _____ is the change phase in which a situation is prepared for change and felt needs for change are developed.
a) Unfreezing.
b) Sensing.
c) Changing.
d) Refreezing.
e) Refocusing.

Ans: A
Difficulty: Easy
Ref: Managing Planned Change

130. _____ is the phase in which something new takes place in the system, and change is actually implemented.
a) Unfreezing.
b) Changing.
c) Transforming.
d) Refreezing.

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e) Refocusing.

Ans: B
Difficulty: Easy
Ref: Managing Planned Change

131. Changing, the second phase of Lewin's planned organizational change model, can be implemented by _____.
a) Identifying new, more effective ways of behaving.
b) Choosing appropriate changes in tasks, people, culture, technology, and/or structure.
c) Taking action to put changes in tasks, people, culture, technology, and/or structure into place.
d) All of the above.
e) None of the above.

Ans: D
Difficulty: Moderate
Ref: Managing Planned Change

132. A force-coercion strategy for change involves the use of _____.
a) Expertise and rational argument.
b) Referent and expert power.
c) Formal authority and/or rewards or punishments.
d) Shared power.
e) Creativity and innovation.

Ans: C
Difficulty: Easy
Ref: Managing Planned Change

133. A change agent may take direct and unilateral action to command that change occurs. The change agent is using what version of force-coercion?
a) Informational manipulation.
b) Indirect forcing.
c) Direct forcing.
d) Power sharing.
e) Lateral manoeuvring.

Ans: C
Difficulty: Hard
Ref: Managing Planned Change

134. Suppose that a manager uses special knowledge, empirical data, and rational argument to bring about change. This manager is relying on the _____ change strategy.
a) Normative-reeducative.
b) Rational persuasion.
c) Unfreezing-refreezing.

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d) Facilitation-support.
e) Force-coercion.

Ans: B
Difficulty: Moderate
Ref: Managing Planned Change

135. A(n) _____ strategy engages people in a collaborative process of identifying values, assumptions, and goals from which support for change will naturally emerge.
a) Shared power.
b) Rational persuasion.
c) Unfreezing-refreezing.
d) Facilitation-support.
e) Force-coercion.

Ans: A
Difficulty: Easy
Ref: Managing Planned Change

136. A manager who shares power with other people, acts in a participative manner during decision making, and uses group process effectively in the attempt to accomplish change is using a(n) _____ change strategy.
a) Force-coercion.
b) Normative-re-educative.
c) Rational persuasion.
d) Empirical-rational.
e) Human relations.

Ans: B
Difficulty: Easy
Ref: Managing Planned Change

137. Which of the following characteristics does NOT accurately describe the behaviour of a change agent who uses a shared power strategy?
a) The change agent relies on reward power.
b) The change agent understands change in the context of attitudes, values, skills, and significant relationships.
c) The change agent believes that people behave as they do because of socio-cultural norms and commitments to others' expectations.
d) The change agent recognizes that people have varied needs and complex motivations.
e) The change agent is sensitive to the way group pressures can support or inhibit change.

Ans: A
Difficulty: Hard
Ref: Managing Planned Change

138. _____ can be viewed as feedback that an informed change agent can use constructively to modify a planned change to better fit situational needs and goals.

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a) Political manoeuvring.
b) Power sharing.
c) Rational persuasion.
d) Forced coercion.
e) Resistance to change.

Ans: E
Difficulty: Moderate
Ref: Managing Planned Change

139. Which perspective on "resistance to change" is most appropriate for the contemporary manager?
a) Resistance must be stopped immediately because it can destroy the planned changed effort.
b) Resistance is best ignored when making changes.
c) Resistance provides feedback that can be used to achieve a better fit between the planned change, the situation, and the people involved.
d) Once resistance occurs, the change will surely fail.
e) Persuading people to change is better than forcing them to change.

Ans: C
Difficulty: Hard
Ref: Managing Planned Change

140. A manager uses education and communication in order to overcome employee resistance to change. This means that the manager will _____.
a) allow employees to help design and implement the desired change.
b) make use of discussions, presentations, or demonstrations to groups of employees in order to inform people of the proposed change.
c) offer incentives, tradeoffs, or provide special benefits.
d) use covert attempts to influence his/her employees.
e) enlist the help of key personnel in planning the change.

Ans: B
Difficulty: Hard
Ref: Managing Planned Change

141. A manager who uses participation and involvement in order to overcome employee resistance to change will _____.
a) Use discussion, presentations, and demonstrations to educate people beforehand about the change.
b) Allow others to contribute ideas and help design and implement the change.
c) Provide encouragement and training beforehand about the change.
d) Try to covertly influence others by selectively providing information in favour of the desired change.
e) Threaten resistors with a variety of undesirable consequences.

Ans: B
Difficulty: Hard
Ref: Managing Planned Change

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142. The _____ approach for overcoming resistance to change involves providing encouragement and training, actively listening to problems, and helping resistors to deal with performance pressures.
a) Manipulation and co-optation.
b) Education and communication.
c) Facilitation and agreement.
d) Facilitation and support.
e) Participation and involvement.

Ans: D
Difficulty: Easy
Ref: Managing Planned Change

143. Attempting covert influence by selectively providing information and structuring events in favour of the desired change is the _____ strategy of overcoming resistance to change.
a) Manipulation and co-optation.
b) Explicit and implicit coercion.
c) Facilitation and agreement.
d) Facilitation and support.
e) Participation and involvement.

Ans: A
Difficulty: Moderate
Ref: Managing Planned Change

144. Threatening and/or reminding employees of undesirable consequences if they do not agree to proposed changes is the _____ approach to overcoming resistance to change.
a) Manipulation and co-optation.
b) Explicit and implicit coercion.
c) Facilitation and agreement.
d) Facilitation and support.
e) Participation and involvement.

Ans: B
Difficulty: Moderate
Ref: Managing Planned Change

145. All of the following are reasons why people resist planned change EXCEPT:
a) Not understanding what is happening or what comes next.
b) Feeling overwhelmed by the situation or that things are moving too fast.
c) Feeling incapable of performing well under the new system.
d) Not seeing any reason for the change.
e) Self-centered, narrow-minded thinking.

Ans: E
Difficulty: Moderate
Ref: Managing Planned Change

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146. Technological change is most advantageous to organizations under which of the following conditions?
a) When unexpected events occur.
b) When there is a good fit with work needs, practices, and people.
c) When employees are inadequately prepared to use the technology.
d) When the manager is unwilling to customize the new technology to the needs of the local situation.
e) When the manager is reluctant to gather new information relating to change.

Ans: B
Difficulty: Moderate
Ref: Managing Planned Change

147. In implementing new technology, the change agent should _____.
a) Be alert to resistance.
b) Continually gather and process information relating to the change.
c) Be willing to customize the new technology to best meet the needs of the local situation.
d) All of the above.
e) None of the above.

Ans: D
Difficulty: Easy
Ref: Managing Planned Change

148. Organizational change often brings with it:
a) Recognition
b) Acceptance
c) Resistance
d) Low costs

Ans: C
Difficulty: Moderate
Ref: Managing Planned Change

149. Fear of the unknown, disrupted habits and poor timing are:
a) Reasons for dismissal
b) Reasons why people resist change
c) Consequences of decision-making
d) Reasons for unionization

Ans: B
Difficulty: Moderate
Ref: Managing Planned Change

150. Resistance to change should be viewed as:
a) Something to be crushed as soon as possible

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b) Feedback
c) Something to be "overcome" using whatever tools are at hand
d) Nothing at all, it will go away

Ans: B
Difficulty: Moderate
Ref: Managing Planned Change

151. To check the benefits of a change means to:
a) Make sure the people involved see a clear advantage in making the change
b) See nothing of the change until it is too late to react
c) Make sure the change is as far away from the existing values of the organization as
d) possible
e) Measure the increase in profits of the change

Ans: A
Difficulty: Moderate
Ref: Managing Planned Change

152. A technique for dealing with resistance to change is:
a) Punishment and termination
b) Education and communication
c) Cutting of benefits and transfer
d) Loss of pension and a reduction in pay

Ans: B
Difficulty: Moderate
Ref: Managing Planned Change

153. _____ is a comprehensive approach to planned organizational change that involves the application of behavioural science in a systematic and long-range effort to improve organizational effectiveness.
a) Organization development.
b) Organization expansion.
c) The organizational superstructure.
d) Strategic management.
e) Systemic organizational management.

Ans: A
Difficulty: Easy
Ref: Organizational Development

154. In the context of planned organizational change, the letters "OD" stand for _____.
a) Organization design.
b) Organization development.
c) Organizational diversity.
d) Open design.

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e) Operating decisions.

Ans: B
Difficulty: Moderate
Ref: Organizational Development

155. _____ is an important way for leaders to share power to advance planned change agendas, foster creativity and innovation, and continuously improve organizational performance.
a) The organizational superstructure.
b) Strategic management.
c) Organization development.
d) Organization expansion.
e) Systemic organizational management.

Ans: C
Difficulty: Easy
Ref: Organizational Development

156. The outcome goals of organizational development focus on _____.
a) The way people work together.
b) How tasks are accomplished.
c) Improving individuals' job performance.
d) Changing human resource policies and procedures.
e) Improving employees' level of job satisfaction.

Ans: B
Difficulty: Moderate
Ref: Organizational Development

157. The process goals of organizational development focus on _____.
a) The way people work together.
b) How tasks are accomplished.
c) Improving individuals' job performance.
d) Changing human resource policies and procedures.
e) Improving the design of work.

Ans: A
Difficulty: Easy
Ref: Organizational Development

158. Stages of the organization development process include all of the following EXCEPT:
a) Establishing a change relationship.
b) Gathering and analyzing data.
c) Conducting an evaluation.
d) Establishing a leader.
e) Achieving a terminal relationship.

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Ans: D
Difficulty: Moderate
Ref: Organizational Development

159. The first step in the organizational development process is _____.
a) Establishing a working relationship with the client system.
b) Intervention into the client system.
c) Changing the client system.
d) Evaluation of change within the client system.
e) Diagnosis of the situation in the client system.

Ans: A
Difficulty: Moderate
Ref: Organizational Development

160. Which stage of the organization development process corresponds to unfreezing an existing situation?
a) Establishing a change relationship.
b) Diagnosis.
c) Intervention.
d) Evaluation.
e) Achieving a terminal relationship.

Ans: B
Difficulty: Moderate
Ref: Organizational Development

161. Which stage of the organization development process corresponds to changing a situation?
a) Establishing a change relationship.
b) Diagnosis.
c) Intervention.
d) Evaluation.
e) Achieving a terminal relationship.

Ans: C
Difficulty: Moderate
Ref: Organizational Development

162. Which stage of the organization development process corresponds to refreezing a new situation?
a) Establishing a change relationship.
b) Diagnosis.
c) Intervention.
d) Evaluation.
e) Achieving a terminal relationship.

Ans: D

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Difficulty: Moderate
Ref: Organizational Development

163. Which stage of the organization-development process corresponds to the consultant leaving the client?
a) Establishing a working relationship.
b) Achieving a terminal relationship.
c) Reinforcement.
d) Intervention.
e) Evaluation.

Ans: B
Difficulty: Moderate
Ref: Organizational Development

164. _____ is a collaborative process of collecting data, using it for action planning, and evaluating the results.
a) Organizational diagnosis.
b) Operations analysis.
c) Action research.
d) Organizational research.
e) Business planning.

Ans: C
Difficulty: Moderate
Ref: Organizational Development

165. Management perceives a performance gap and proceeds to analyze the situation via a process of systematically collecting data, feeding it back to the organization members for action planning, evaluating results by collecting more data, and repeating the process as necessary. The organization is using which approach?
a) Organization development process.
b) Action research.
c) Planned-change process.
d) Organization-innovation process.
e) Organization research.

Ans: B
Difficulty: Hard
Ref: Organizational Development

166. A(n) _____ is an activity initiated by change agents or managers to directly facilitate the change process.
a) Organization development intervention.
b) Organization development objective.
c) Project plan.
d) Change activity chart.
e) Strategic plan.

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Ans: A
Difficulty: Easy
Ref: Organizational Development

167. Sensitivity training, management training, role negotiation, job redesign, and career planning are organization development interventions designed to improve _____ effectiveness.
a) Group.
b) Individual.
c) Team.
d) Managerial.
e) Organizational.

Ans: B
Difficulty: Moderate
Ref: Organizational Development

168. Which of the following is a correct description of individual interventions in organization development?
a) Management training is an unstructured session where participants learn interpersonal skills and increased sensitivity to other people.
b) Sensitivity training involves structured educational opportunities for developing important managerial skills and competencies.
c) Job redesign focuses on structured interactions to clarify and negotiate role expectations among people who work together.
d) Role negotiation involves realigning task components to better fit the needs and capabilities of the individual.
e) Career planning provides structured advice and discussion sessions to help individuals plan career paths and programs of personal development.

Ans: E
Difficulty: Hard
Ref: Organizational Development

169. Team interventions are based upon which of the following premises?
a) Teams provide important means for helping people satisfy important needs.
b) Improved collaboration within teams can improve organizational performance.
c) Improved collaboration among teams can improve organizational performance.
d) All of the above.
e) None of the above.

Ans: D
Difficulty: Moderate
Ref: Organizational Development

170. Team building, process consultation, and intergroup team building are organization development interventions that are designed to improve _____ effectiveness.
a) Team.

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b) Individual.
c) Employee
d) Managerial.
e) Organizational.

Ans: A
Difficulty: Moderate
Ref: Organizational Development

171. Which of the following provides a correct description of team interventions in organization development?
a) Team building utilizes structured experiences to help team members set goals, improve interpersonal relations, and become a better functioning team.
b) Process consultation uses third-party observation and advice on critical team processes.
c) Intergroup team building involves structured experiences to help two or more teams set shared goals, improve intergroup relations, and become better coordinated.
d) All of these accurately describe team interventions.
e) None of these accurately describe team interventions.

Ans: D
Difficulty: Hard
Ref: Organizational Development

172. Which of the following statements concerning organization-wide organization development interventions is NOT accurate?
a) Leadership is not as important for success as was once believed.
b) A change in one part of the system will affect other parts.
c) People, systems, and technology can be brought together in productive and satisfying working combinations.
d) Jobs and structures have a significant impact on productivity and satisfaction.
e) Organizational culture impacts members' morale and attitudes.

Ans: A
Difficulty: Moderate
Ref: Organizational Development

173. Survey feedback, the confrontation meeting, structural redesign, and management by objectives are all organization development interventions that are intended to improve overall _____ effectiveness.
a) Team.
b) Individual.
c) Employee.
d) Managerial.
e) Organizational.

Ans: E
Difficulty: Moderate
Ref: Organizational Development

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Essay

173. Why is innovation important for organizational survival and success in a turbulent environment?

Ans: Innovation is a primary source of competitive advantage in the modern business world. Organizations that survive and prosper the best are learning organizations — ones that mobilize people, values, and systems to achieve continuous change and performance improvements driven by the lessons of experience. Tom Peters, for instance, argues that people and organizations should be led toward innovation as the primary source of competitive advantage. Organizations and their managers must continually adapt to new situations if they are to survive and prosper over the long run.
Difficulty: Moderate
Ref: Innovation in Organizations

174. What are the three phases in Lewin's planned-change process? Give examples of what change leaders can do to accomplish each phase successfully. How do the phases of Lewin's planned-change process relate to the stages in the general model of organization development?

Ans: Kurt Lewin's three phases of the planned-change process are unfreezing, changing, and refreezing. Unfreezing is the change phase in which a situation is prepared for change and felt needs for change are developed. During the unfreezing phase, change leaders can establish good relationships with the people involved, help others realize that present behaviours are not effective, and minimize expressed resistance to change. Changing is the phase in which something new takes place in the system, and change is actually implemented. During the changing phase, change leaders can identify new, more effective ways of behaving; choose appropriate changes in tasks, people, culture, technology, and/or structure; and take action to put these changes into place. Refreezing is the phase of stabilizing the change and creating the conditions for its long-term continuity. During the refreezing phase, change leaders can create acceptance and continuity for the new behaviours, provide any necessary resource support, and use performance-contingent rewards and positive reinforcement.
Lewin's three-phase process of planned change relates to the second, third, and fourth stages of the general model of organization development, which is described below:

- Stage 1: establish a working relationship — create links with members of the client system.
- Stage 2: diagnosis — gathering and analyzing data, and setting appropriate change objectives. This relates to Lewin's unfreezing stage.
- Stage 3: intervention — taking collaborative action to implement desired changes. This relates to Lewin's changing stage.
- Stage 4: evaluation — following up to reinforce and support change. This relates to Lewin's refreezing stage.
- Stage 5: achieve a terminal relationship — withdraw to leave members of the client system as self-reliant.

Difficulty: Hard
Ref: Managing Planned Change

175. Describe each of the sources of resistance to change, and provide an example to illustrate each. If possible, draw on personal experience or the observation of others' experiences for your examples.

Ans: Students should describe and provide examples for each of the common sources of resistance to change that are listed below:

- Fear of the unknown — not understanding what is happening or what comes next.
- Disrupted habits — feeling upset when old ways of doing things can't be followed.
- Loss of confidence — feeling incapable of performing well under the new ways of doing things.
- Loss of control — feeling that things are being done "to" you rather than "by" or "with" you.

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- Poor timing — feeling overwhelmed and that things are moving too fast.
- Work overload — not having the physical or psychic energy to commit to the change.
- Loss of face — feeling inadequate or humiliated because the "old" ways apparently weren't "good" ways.
- Lack of purpose — not seeing a reason for the change and/or not understanding its benefits.

Difficulty: Hard
Ref: Managing Planned Change

176. Describe two organization development interventions that address problems at the organization-wide level, two that address the team level, and two that address the individual level.

Ans: All of the fundamental interventions for each category — organization-wide, team, and individual — are described below. Each student should cover any two of the interventions in each category.
The different types of organization-wide interventions are:

- Survey feedback — comprehensive and systematic data collection to identify attitudes and needs, analyze results, and plan for constructive action.
- Confrontation meeting — one-day intensive, structured meetings to gather data on workplace problems and plan for constructive actions.
- Structural redesign — realigning the organization structure to meet the needs of environmental and contextual forces.
- Management by objectives — formalizing MBO throughout the organization to link individual, group, and organizational objectives.

The different types of team interventions are:

- Team building — structured experiences to help team members set goals, improve interpersonal relations, and become a better functioning team.
- Process consultation — third-party observation and advice on critical team processes.
- Intergroup team building — structured experiences to help two or more teams set shared goals, improve intergroup relations, and become better coordinated.

The different types of individual interventions are:

- Sensitivity training (T-groups) — unstructured group sessions where participants learn interpersonal skills and increased sensitivity to other people.
- Management training — structured educational opportunities for developing important managerial skills and competencies.
- Role negotiation — structured interactions to clarify and negotiate role expectations among people who work together.
- Job redesign — realigning task components to better fit the needs and capabilities of the individual.
- Career planning — structured advice and discussion sessions to help individuals plan career paths and programs of personal development.

Difficulty: Hard
Ref: Organization Development

177. There is an approach to change called "Explicit and Implicit Coercion". Explain this approach and why it is risky in terms of negative consequences.

Ans: Explicit and implicit coercion forces people to accept change by threatening resistors with undesirable consequences if they don't do what is asked of them in the change process. Typical consequences are loss of future raises, promotions, offices and perquisites. Potential risks to this approach are harassment lawsuits, destruction of morale, higher absenteeism, higher employee turnover, violent behaviour (remember the phrase "going postal?"), discrimination complaints, decline in customer relations with customers who may view the technique negatively, loss of business from customers who disagree with the technique.

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Difficulty: Moderate
Ref: Managing Planned Change

178. What are the three broad forms of innovation in organizations? Provide an example of each form.

Ans: Innovation in and by organizations has traditionally been addressed in three broad forms: (1) Product innovations, which result in the creation of new or improved goods and services; (2) Process innovations, which result in better ways of doing things; and (3) business model innovations, which result in new ways of making money for the firm.
Process innovation: Innovation in production or delivery methods. Henry Ford's widespread application of the assembly line to automobile production revolutionized the industry, and it made automobiles affordable to most anyone. Wal-Mart's everyday low prices are really a conglomeration of behind-the-scenes business process innovations, as is Amazon's Buy Now with 1-Click feature.
Product innovation: Innovation in products - specifically, a product or service that's new or significantly improved over whatever is in current use. Examples of product innovation include Sanyo's introduction of washing machines that don't use detergent, Apple's iPhone, and Procter & Gamble's Whitestrips. Service examples are self-service check-ins at hotels and airlines, Skype, and Facebook.
Business model innovation: Innovation in the way business is done, usually resulting in the creation of new value. Dell's model of building personal computers to order rather than stockpiling them in a warehouse is a business model innovation that revolutionized the personal-computer market and gave customers their computers quicker and at a lower price.
Difficulty: Hard
Ref: Innovation in Organizations

179. Explain the following terms:
Bottom up Change
Top down Change
Transformational Change
Incremental Change

Ans: In bottom-up change, the initiatives for change come from any and all parts of the organization, not just from top management. Such change is made possible by management commitments to empowerment, involvement, and participation. Bottom-up change is essential to organizational innovation and very useful in adapting operations and technologies to the changing requirements of work.
In top-down change, senior managers initiate changes with the goal of improving organizational performance. Any change that is driven from the top and perceived as insensitive to the needs of lower-level personnel can -easily fail. Successful top-down change is led in ways that earn the support of -others throughout the organization.
Transformational change is radical or frame-breaking planned change that results in a major and comprehensive redirection of the organization. It creates fundamental shifts in strategies, culture, structures, and even the underlying sense of purpose or mission. Transformational change is led from the top and designed to change the basic character of the organization. Transformational change seeks substantial changes in outcomes in the areas that today are critical for success -performance, commitment, retention, enthusiasm, initiative and accountability.
Incremental change is a modest, frame-bending version of planned organizational change. It bends and nudges existing systems and practices to better align them with emerging -problems and opportunities. The intent isn't to break and remake the system, but to move it forward through continuous improvements. Incremental change works in the realm of skills and behaviours. This type of change is sufficient in a low-turbulence environment where the gap between current reality and the vision is not large.
Difficulty: Hard
Ref: Organizational Change

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Chapter 11: Leading and leadership development

True/False Questions

1. Respect flows towards leaders with integrity.

Ans: True
Difficulty: Moderate
Ref: Learning About Yourself

2. Ethical leadership is another name for conflict in today's global society.

Ans: False
Difficulty: Moderate
Ref: Learning About Yourself

3. Being honest, credible and consistent in all that we do is the definition of naiveté.

Ans: False
Difficulty: Moderate
Ref: Learning About Yourself

4. A person willing to lie exhibits high integrity.

Ans: False
Difficulty: Easy
Ref: Learning About Yourself

5. Blaming others for personal mistakes shows a lack of integrity.

Ans: True
Difficulty: Easy
Ref: Learning About Yourself

6. Having a willingness to lie shows a lack of integrity.

Ans: True
Difficulty: Moderate
Ref: Learning About Yourself

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7. Falsifying reports or records shows a lack of integrity.

Ans: True
Difficulty: Easy
Ref: Learning About Yourself

8. Letting others take blame for personal mistakes show a lack of integrity.

Ans: True
Difficulty: Easy
Ref: Learning About Yourself

9. Giving favoured treatment to favoured people shows a lack of integrity.

Ans: True
Difficulty: Easy
Ref: Learning About Yourself

10. Stealing shows a lack of integrity.

Ans: True
Difficulty: Easy
Ref: Learning About Yourself

11. Leaders with integrity should subordinate their likes, wishes, preferences to the welfare of the institution.

Ans: True
Difficulty: Moderate
Ref: Learning About Yourself

12. Peter Drucker says to be a leader with integrity one must have the ability to see the world as it is, not as one wants it to be.

Ans: True
Difficulty: Moderate
Ref: Learning About Yourself

13. The U. S. Navy's first female admiral, the late Grace Hopper, says "You manage things, you lead people." This is considered to be a good insight into leadership behaviour.

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Ans: True
Difficulty: Moderate
Ref: Introduction

14. Leaders are never expected to stay focused on long-term goals when dealing with problems and pressures in the short term.

Ans: False
Difficulty: Easy
Ref: Introduction

15. Barry Posner has never mentioned leadership in his many writings and quotes on management.

Ans: False
Difficulty: Easy
Ref: Introduction

16. Leadership is the process of inspiring others to work hard to accomplish important tasks.

Ans: True
Difficulty: Easy
Ref: The Nature of Leadership

17. Planning sets the direction and objectives; organizing brings the resources together to turn plans into action; leading builds the commitments and enthusiasm needed for people to apply their talents fully to help accomplish plans; and controlling makes sure things turn out right.

Ans: True
Difficulty: Easy
Ref: The Nature of Leadership

18. The ability to get someone else to do something you want done or to make things happen the way you want is called manipulation.

Ans: False
Difficulty: Easy
Ref: The Nature of Leadership

19. For executive success to occur, the use of power should reflect the desire to influence and control others for the good of the group or organization as a whole.

Ans: True

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Difficulty: Easy
Ref: The Nature of Leadership

20. For executive success to occur, the use of power should reflect the desire to control for personal satisfaction.

Ans: False
Difficulty: Moderate
Ref: The Nature of Leadership

21. The positive face of power is the foundation of effective leadership.

Ans: True
Difficulty: Easy
Ref: The Nature of Leadership

22. Reward power, coercive power, and legitimate power are different types of personal power.

Ans: False
Difficulty: Moderate
Ref: The Nature of Leadership

23. The three types of position power are reward, coercive, and legitimate.

Ans: True
Difficulty: Easy
Ref: The Nature of Leadership

24. Reward power is the ability to influence the behaviour of other people because of one's capacity to offer positive outcomes.

Ans: True
Difficulty: Easy
Ref: The Nature of Leadership

25. Legitimate power is being used when a manager offers pay raises, bonuses, special assignments, or compliments as incentives to subordinates.

Ans: False
Difficulty: Moderate
Ref: The Nature of Leadership

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26. A manager who withholds positive outcomes, such as special assignments or bonuses as a means for controlling the behaviour of employees is using coercive power.

Ans: True
Difficulty: Easy
Ref: The Nature of Leadership

27. Expert power is the ability to influence the behaviour of other people because of one's organizational position or status.

Ans: False
Difficulty: Moderate
Ref: The Nature of Leadership

28. The two types of personal power are expert and referent.

Ans: True
Difficulty: Easy
Ref: The Nature of Leadership

29. Ralph uses expert power when he offers help in technical areas in which he is skilled and knowledgeable.

Ans: True
Difficulty: Moderate
Ref: The Nature of Leadership

30. Referent power is the ability to influence the behaviour of other people through identification.

Ans: True
Difficulty: Easy
Ref: The Nature of Leadership

31. When a manager's charisma or interpersonal attractiveness is used to influence the behaviour of subordinates, the manager is using referent power.

Ans: True
Difficulty: Moderate
Ref: The Nature of Leadership

32. Vision refers to a future that one hopes to create or achieve in order to improve upon the present state of affairs.

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Ans: True
Difficulty: Easy
Ref: The Nature of Leadership

33. Visionary leadership describes a leader who brings to the situation a clear and compelling sense of the future as well as an understanding of the actions needed to get there successfully.

Ans: True
Difficulty: Easy
Ref: The Nature of Leadership

34. The challenges of visionary leadership involve making long-term plans and drafting budgets, creating organizational structures and assigning people to jobs, and comparing results with original plans.

Ans: False
Difficulty: Moderate
Ref: The Nature of Leadership

35. Servant leadership is follower-centered and committed to helping others in their work.

Ans: True
Difficulty: Easy
Ref: The Nature of Leadership

36. The leader is the focus of servant leadership rather than the follower.

Ans: False
Difficulty: Moderate
Ref: The Nature of Leadership

37. One important opportunity generated by servant leadership is empowerment.

Ans: True
Difficulty: Easy
Ref: The Nature of Leadership

38. Empowerment, through servant leadership, enables others to gain and use decision-making power.

Ans: True
Difficulty: Easy
Ref: The Nature of Leadership

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39. Servant leaders empower others by providing them with information, responsibility, and trust, but not the authority to act independently.

Ans: False
Difficulty: Hard
Ref: The Nature of Leadership

40. In regards to servant leadership, "institutions function better when the idea, the dream, is to the fore, and the person, the leader, is seen as servant to the dream."

Ans: True
Difficulty: Easy
Ref: The Nature of Leadership

41. Trait theories of leadership address the question of: "What personal characteristics separate effective leaders from ineffective leaders?"

Ans: True
Difficulty: Easy
Ref: Leadership Traits and Behaviours

42. The behavioural approach to the study of leadership focuses on a leader's personal characteristics as the primary determinants of leadership success.

Ans: False
Difficulty: Moderate
Ref: Leadership Traits and Behaviours

43. Research indicates that physical traits such as height, weight, and physique have no relationship to leadership success.

Ans: True
Difficulty: Easy
Ref: Leadership Traits and Behaviours

44. Some personal traits, such as drive, self-confidence, creativity, cognitive ability, business knowledge, motivation, flexibility, and honesty and integrity are considered to be important for leadership success.

Ans: True
Difficulty: Easy
Ref: Leadership Traits and Behaviours

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45. Leadership styles are concerned with the recurring patterns of behaviours exhibited by a leader.

Ans: True
Difficulty: Easy
Ref: Leadership Traits and Behaviours

46. According to leader behaviour research, a manager who plans the work to be done, assigns task responsibilities, sets clear work standards, and monitors performance results is high in concern for task.

Ans: True
Difficulty: Easy
Ref: Leadership Traits and Behaviours

47. In the leadership literature, "concern for task" is also known as consideration and relationship orientation.

Ans: False
Difficulty: Moderate
Ref: Leadership Traits and Behaviours

48. According to leader behaviour research, a manager who acts warm and supportive toward followers, maintains good social relations with them, respects their feelings, is sensitive to their needs, and shows trust in them is high in concern for people.

Ans: True
Difficulty: Easy
Ref: Leadership Traits and Behaviours

49. The Blake and Mouton Leadership Grid® identifies alternative leadership styles that reflect different combinations of concern for task and concern for people.

Ans: True
Difficulty: Easy
Ref: Leadership Traits and Behaviours

50. In the Blake and Mouton Leadership Grid®, team management is the preferred leadership style that reflects a high concern for both people and the task.

Ans: True
Difficulty: Easy
Ref: Leadership Traits and Behaviours

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51. In the Blake and Mouton Leadership Grid®, middle-of-road management reflects a high concern for the task and a low concern for people.

Ans: False
Difficulty: Moderate
Ref: Leadership Traits and Behaviours

52. In the Blake and Mouton Leadership Grid®, country club management reflects a high concern for people and a low concern for the task.

Ans: True
Difficulty: Easy
Ref: Leadership Traits and Behaviours

53. An autocratic style of leadership emphasizes task over people, keeps authority and information within the leader's tight control, and acts in a unilateral command-and-control fashion.

Ans: True
Difficulty: Easy
Ref: Leadership Traits and Behaviours

54. A democratic style of leadership shows little concern for task, lets the group make decisions, and acts with a "do the best you can and don't bother me" attitude.

Ans: False
Difficulty: Moderate
Ref: Leadership Traits and Behaviours

55. A laissez-faire style of leadership is committed to both task and people, getting things done while sharing information, encouraging participation in decision making, and helping people develop their skills and competencies.

Ans: False
Difficulty: Moderate
Ref: Leadership Traits and Behaviours

56. Human relations leadership style emphasizes people over tasks.

Ans: True
Difficulty: Easy
Ref: Leadership Traits and Behaviours

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57. Contingency approaches to leadership attempt to answer the question: "When and under what circumstances is a particular leadership style preferable to others?"

Ans: True
Difficulty: Easy
Ref: Contingency Approaches to Leadership

58. Modern leadership theories reflect a contingency perspective that attempts to match situational demands with appropriate leader behaviours.

Ans: True
Difficulty: Easy
Ref: Contingency Approaches to Leadership

59. The basic premise of Fiedler's contingency theory is that leadership success depends on the match between leadership style and situational demands.

Ans: True
Difficulty: Easy
Ref: Contingency Approaches to Leadership

60. In Fiedler's contingency model, the least-preferred co-worker scale is used to measure a person's leadership style.

Ans: True
Difficulty: Easy
Ref: Contingency Approaches to Leadership

61. In Fiedler's contingency model, a person's leadership style is described as either supportive or achievement-oriented.

Ans: False
Difficulty: Moderate
Ref: Contingency Approaches to Leadership

62. Fred Fiedler, the developer of the contingency theory of leadership, asserts that competent leaders can adapt their behavioural styles to fit the demands of differing situations they encounter.

Ans: False
Difficulty: Moderate
Ref: Contingency Approaches to Leadership

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63. Fred Fiedler, the developer of the contingency theory of leadership, asserts that leadership style is relatively enduring and difficult to change and therefore leadership style must be fit to the situation

Ans: True
Difficulty: Easy
Ref: Contingency Approaches to Leadership

64. Fiedler's contingency theory of leadership maintains that the amount of situational control is crucial in determining the correct style-situation fit.

Ans: True
Difficulty: Easy
Ref: Contingency Approaches to Leadership

65. The quality of leader-member relations refers to the degree to which the group supports the leader.

Ans: True
Difficulty: Easy
Ref: Contingency Approaches to Leadership

66. The extent to which task goals, procedures, and guidelines are clearly spelled out is called amount of position power.

Ans: False
Difficulty: Moderate
Ref: Contingency Approaches to Leadership

67. One guiding proposition of Fiedler's contingency theory of leadership is that a relationship-oriented style works best in low-control situations and a task-oriented style works best in high-control situations.

Ans: False
Difficulty: Hard
Ref: Contingency Approaches to Leadership

68. The basic premise of the Hersey-Blanchard situational leadership model is that managers should adjust their leadership styles depending on the readiness of the followers to perform in a given situation.

Ans: True
Difficulty: Easy
Ref: Contingency Approaches to Leadership

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69. According to Hersey and Blanchard's situational leadership model, employee readiness is determined by the followers' ability, willingness, and confidence in performing required tasks.

Ans: True
Difficulty: Easy
Ref: Contingency Approaches to Leadership

70. In the Hersey and Blanchard situational leadership model, telling is a high-task, high-relationship style, and selling is a high-task, low-relationship style.

Ans: False
Difficulty: Moderate
Ref: Contingency Approaches to Leadership

71. In Hersey and Blanchard's situational leadership model, a manager who explains task directions persuasively and with much support is using the telling style.

Ans: False
Difficulty: Moderate
Ref: Contingency Approaches to Leadership

72. In Hersey and Blanchard's situational leadership model, a manager who gives specific task directions and closely supervises work progress is using the selling style.

Ans: False
Difficulty: Moderate
Ref: Contingency Approaches to Leadership

73. The basic premise of House's path-goal contingency leadership theory is that effective leaders clarify the path through which followers can achieve both task-related and personal goals.

Ans: True
Difficulty: Easy
Ref: Contingency Approaches to Leadership

74. According to House's path-goal leadership model, directive leadership involves letting subordinates know what is expected, giving direction on what to do and how, scheduling work to be done, maintaining definite standards of performance, and clarifying the leader's role in the group.

Ans: True
Difficulty: Moderate
Ref: Contingency Approaches to Leadership

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75. According to House's path-goal leadership theory, managers use supportive leadership when they involve subordinates in decision making, consult with them, ask questions of subordinates, and use subordinates' suggestions when making a decision.

Ans: False
Difficulty: Hard
Ref: Contingency Approaches to Leadership

76. According to House's path-goal model, achievement-oriented leadership involves doing things to make work more pleasant, treating group members as equals, being friendly and approachable, and showing concern for the well-being of subordinates.

Ans: False
Difficulty: Hard
Ref: Contingency Approaches to Leadership

77. According to the path-goal leadership theory, a manager is showing a participative leadership style when he/she sets challenging goals, expects the highest level of performance, emphasizes continuous improvement in performance, and displays confidence in meeting high standards.

Ans: False
Difficulty: Hard
Ref: Contingency Approaches to Leadership

78. According to House's path-goal leadership model, supportive leadership is needed to increase confidence by emphasizing individual abilities and offering needed task assistance when worker self-confidence is low.

Ans: True
Difficulty: Moderate
Ref: Contingency Approaches to Leadership

79. The important contingencies for making good path-goal leadership choices include follower characteristics and work environment characteristics.

Ans: True
Difficulty: Easy
Ref: Contingency Approaches to Leadership

80. Follower characteristics include task structure, authority system, and work group.

Ans: False
Difficulty: Moderate
Ref: Contingency Approaches to Leadership

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81. Aspects of the work setting and the people involved that can reduce the need for a leader's personal involvement are referred to as substitutes for leadership.

Ans: True
Difficulty: Easy
Ref: Contingency Approaches to Leadership

82. The ability, experience, and independence of subordinates; the clarity of organizational plans and formalization of rules; and routineness and availability of performance feedback can serve as effective substitutes for leadership.

Ans: True
Difficulty: Easy
Ref: Contingency Approaches to Leadership

83. The Vroom-Jago leader-participation model is designed to help leaders choose an appropriate decision-making method for any problem situation.

Ans: True
Difficulty: Easy
Ref: Contingency Approaches to Leadership

84. According to the Vroom-Jago leader-participation model, a power-oriented decision occurs when the leader makes the decision alone and then communicates it to the work group.

Ans: False
Difficulty: Moderate
Ref: Contingency Approaches to Leadership

85. According to the Vroom-Jago leader-participation model, a consultative decision occurs when the leader makes the decision after receiving information, advice, or opinions from group members.

Ans: True
Difficulty: Easy
Ref: Contingency Approaches to Leadership

86. The decide alone option of the Vroom-Jago leader-participation model is being used when the manager decides how to solve the problem and communicates the decision to the group.

Ans: True
Difficulty: Easy
Ref: Contingency Approaches to Leadership

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87. The consult individually option of the Vroom-Jago leader-participation model is being used when the manager makes the decision after sharing the problem and consulting individually with group members to get their suggestions.

Ans: True
Difficulty: Easy
Ref: Contingency Approaches to Leadership

88. The facilitate option of the Vroom-Jago leader-participation model is being used when the manager makes the decision after convening the group, sharing the problem, and consulting with everyone to get their suggestions.

Ans: False
Difficulty: Moderate
Ref: Contingency Approaches to Leadership

89. The consult with group option of the Vroom-Jago leader-participation model is being used when the manager convenes the group, shares the problem, and then facilitates group discussion to make a decision.

Ans: False
Difficulty: Moderate
Ref: Contingency Approaches to Leadership

90. The delegate option of the Vroom-Jago leader-participation model is being used when the manager convenes the group and delegates to group members the authority to define the problem and make a decision.

Ans: True
Difficulty: Easy
Ref: Contingency Approaches to Leadership

91. The Vroom-Jago leader-participation theory indicates that a leader should use the more authority-oriented decision methods when the leader personally has the expertise needed to solve the problem, the leader is confident and capable of acting alone, others are likely to accept the decision the leader makes, and little or no time is available for discussion.

Ans: True
Difficulty: Easy
Ref: Contingency Approaches to Leadership

92. The potential disadvantage(s) of participative decision methods within the context of the Vroom-Jago leader-participation model include lost efficiency and the lack of usefulness when problems must be resolved immediately.

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Ans: True
Difficulty: Moderate
Ref: Contingency Approaches to Leadership

93. LMX theory is the idea that in many leadership situations, not everyone is treated the same by the leader.

Ans: True
Difficulty: Moderate
Ref: Contingency Approaches to Leadership

94. "In groups" and "out groups" are part of LMX theory.

Ans: True
Difficulty: Moderate
Ref: Contingency Approaches to Leadership

95. In LMX theory, the "in-group" members are considered the best performers and enjoy special and trusted relationships with the leaders that can translate into special assignments, privileges and access to information.

Ans: True
Difficulty: Moderate
Ref: Contingency Approaches to Leadership

96. In LMX theory, the "out-group" members enjoy all the same privileges as the "in-group" members.

Ans: False
Difficulty: Easy
Ref: Contingency Approaches to Leadership

97. The notion underlying the LMX theory is that as a leader and follower interact over time, their exchanges end up defining the follower's role.

Ans: True
Difficulty: Moderate
Ref: Contingency Approaches to Leadership

98. For a variety of reasons, the follower's role ends up being defined into a high exchange or low exchange relationship with the leader.

Ans: True
Difficulty: Moderate

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Ref: Contingency Approaches to Leadership

99. One of the implications of the LMX theory is that the nature of the exchange is determined by the leader and based on some presumed characteristic of the follower.

Ans: True
Difficulty: Moderate
Ref: Contingency Approaches to Leadership

100. A high LMX relationship is usually based on perceived unfavourable personality, compatibility and competency.

Ans: False
Difficulty: Moderate
Ref: Contingency Approaches to Leadership

101. The leader may be missing lost opportunities that come from not working with "out-group" members.

Ans: True
Difficulty: Moderate
Ref: Contingency Approaches to Leadership

102. Transformational leadership focuses on directing the efforts of others through the use of tasks, rewards, and structures.

Ans: False
Difficulty: Moderate
Ref: Issues in Leadership Development

103. Transactional leadership is inspirational leadership that gets people to put forth extraordinary effort and achieve extraordinary performance.

Ans: False
Difficulty: Moderate
Ref: Issues in Leadership Development

104. Transformational leadership is probably being used when followers are enthusiastic about the leader and his or her ideas, and when the followers work hard to support the leader.

Ans: True
Difficulty: Moderate
Ref: Issues in Leadership Development

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105. Transformational leadership is likely being used when followers remain loyal and devoted to the leader and strive for superior performance accomplishments.

Ans: True
Difficulty: Moderate
Ref: Issues in Leadership Development

106. Using the power of personal reference and emotion to arouse others' enthusiasm, faith, loyalty, pride, and trust in themselves describe the transformational leadership attribute of charisma.

Ans: True
Difficulty: Easy
Ref: Issues in Leadership Development

107. Helping others develop, removing performance obstacles, sharing responsibilities, and delegating truly challenging work describe the transformational leadership attribute of empowerment.

Ans: True
Difficulty: Easy
Ref: Issues in Leadership Development

108. Gaining the involvement of others by creating awareness of problems and stirring their imaginations describe the transformational leadership attribute of vision.

Ans: False
Difficulty: Moderate
Ref: Issues in Leadership Development

109. Emotional intelligence is ability to manage our emotions in social relationships.

Ans: True
Difficulty: Easy
Ref: Issues in Leadership Development

110. A leader's emotional intelligence significantly influences his or her effectiveness, especially in senior management positions.

Ans: True
Difficulty: Easy
Ref: Issues in Leadership Development

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111. The components of emotional intelligence include self-awareness, self-regulation, motivation, empathy, and social skill.

Ans: True
Difficulty: Easy
Ref: Issues in Leadership Development

112. Women tend to rely on the transactional leadership approach and men tend to rely on the interactive leadership approach.

Ans: False
Difficulty: Moderate
Ref: Issues in Leadership Development

113. Women tend to exhibit democratic and participative behaviours in their leadership approaches.

Ans: True
Difficulty: Moderate
Ref: Issues in Leadership Development

114. Men tend to exhibit assertive and directive behaviours in their leadership approaches.

Ans: True
Difficulty: Easy
Ref: Issues in Leadership Development

115. Given the current emphasis on shared power, communication, cooperation, and participation in new-form organizations, interactive leadership appears to be an excellent fit with the demands of a diverse workforce and the new workplace.

Ans: True
Difficulty: Easy
Ref: Issues in Leadership Development

116. Research evidence clearly indicates that both women and men can be effective leaders, even though they tend to have somewhat different leadership styles.

Ans: True
Difficulty: Easy
Ref: Issues in Leadership Development

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117. It seems clear that women leaders will be far more successful than men leaders because of their capacity to lead through positive relationships and empowerment.

Ans: False
Difficulty: Moderate
Ref: Issues in Leadership Development

118. Despite gender, future leadership success will require the capacity to lead through openness, positive relationships, support, and empowerment.

Ans: True
Difficulty: Moderate
Ref: Issues in Leadership Development

119. According to Peter Drucker, effective leadership should be viewed as good "old-fashioned" hard work.

Ans: True
Difficulty: Easy
Ref: Issues in Leadership Development

120. According to Peter Drucker, effective leadership should be viewed as the capacity to use charisma in transforming organizations and the ability to use charisma to influence both enthusiastic and recalcitrant followers.

Ans: False
Difficulty: Moderate
Ref: Issues in Leadership Development

121. In the context of Drucker's "old-fashioned" leadership, defining and establishing a sense of mission involves setting goals, priorities, and standards; keeping them visible; and maintaining them.

Ans: True
Difficulty: Moderate
Ref: Issues in Leadership Development

122. In the context of Drucker's "old-fashioned" leadership, earning and keeping the trust of others involves having leaders who surround themselves with talented people and who develop strong and capable subordinates.

Ans: False
Difficulty: Hard
Ref: Issues in Leadership Development

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123. According to Drucker's concept of "old-fashioned" leadership, accepting leadership as a responsibility rather than a rank involves the leader having personal integrity, the leader not blaming others when things go wrong, and the followers believing that the leader's actions will be consistent with what is said.

Ans: False
Difficulty: Hard
Ref: Issues in Leadership Development

124. Long-term, sustainable success can only be built upon a foundation of solid ethical behaviour.

Ans: True
Difficulty: Moderate
Ref: Issues in Leadership Development

125. Leaders should try to be ethical out of fear of being caught for doing something wrong.

Ans: False
Difficulty: Hard
Ref: Issues in Leadership Development

126. Integrity is an essential element of transformational leadership and good old-fashioned leadership.

Ans: True
Difficulty: Easy
Ref: Issues in Leadership Development

127. Authentic leadership activates performance through the positive psychological states of confidence, hope, optimism, and resilience.

Ans: True
Difficulty: Easy
Ref: Issues in Leadership Development

128. Communication is an interpersonal process of sending and receiving symbols with messages attached to them.

Ans: True
Difficulty: Easy
Ref: The Communication Process

129. In the communication process, the messenger is the person who is responsible for encoding an intended message into meaningful verbal and nonverbal symbols.

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Ans: False
Difficulty: Moderate
Ref: The Communication Process

130. When present, feedback reverses the communication process and conveys the receiver's response to the sender.

Ans: True
Difficulty: Easy
Ref: The Communication Process

131. Effective communication occurs when the sender's intended message and the receiver's interpreted meaning of that message are identical.

Ans: True
Difficulty: Easy
Ref: The Communication Process

132. Effective communication is the same as efficient communication.

Ans: False
Difficulty: Moderate
Ref: The Communication Process

133. Effective communication occurs when minimal time is spent in the communication process.

Ans: False
Difficulty: Moderate
Ref: The Communication Process

134. Efficient communication occurs at minimum cost in terms of resources expended.

Ans: True
Difficulty: Easy
Ref: The Communication Process

135. Persuasion is getting someone else to support the message being presented.

Ans: True
Difficulty: Easy
Ref: The Communication Process

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136. Building credibility through expertise requires having a good working relationship with the person to be persuaded.

Ans: False
Difficulty: Moderate
Ref: The Communication Process

137. Credibility refers to trust, respect, and integrity in the eyes of others.

Ans: True
Difficulty: Easy
Ref: The Communication Process

138. Building credibility through relationships requires knowledge about the issue in question and/or a successful prior track record at dealing with similar issues.

Ans: False
Difficulty: Moderate
Ref: The Communication Process

139. Anything that interferes with the effectiveness of the communication process is noise.

Ans: True
Difficulty: Easy
Ref: The Communication Process

140. The medium through which a message is conveyed from sender to receiver is called a communication channel.

Ans: True
Difficulty: Easy
Ref: The Communication Process

141. Written channels are acceptable for simple messages that are easy to convey and require extensive dissemination quickly.

Ans: True
Difficulty: Easy
Ref: The Communication Process

142. Spoken channels work best for messages that are complex and difficult to convey.

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Ans: True
Difficulty: Easy
Ref: The Communication Process

143. Becoming effective in written and oral communications requires skill, takes practice and hard work, and is essential for managers.

Ans: True
Difficulty: Moderate
Ref: The Communication Process

144. Guidelines for making a successful oral presentation include setting the right tone, supporting the points made in the presentation, using good visual aids, and checking the technology to be used.

Ans: True
Difficulty: Easy
Ref: The Communication Process

145. Guidelines for making a successful oral presentation include being audience centered and making eye contact, being on time, knowing what you want to say, and accenting the presentation.

Ans: True
Difficulty: Easy
Ref: The Communication Process

146. Nonverbal communication takes place through such things as hand movements, body posture, eye contact, and the use of interpersonal space.

Ans: True
Difficulty: Easy
Ref: The Communication Process

147. Nonverbal communication can be transmitted without the sender knowing or desiring it, or it can be used intentionally to enhance oral communication.

Ans: True
Difficulty: Easy
Ref: The Communication Process

148. A mixed message occurs when a person's words communicate one message while his/her actions, body language, appearance, or situational use of interpersonal space communicate something else.

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Ans: True
Difficulty: Easy
Ref: The Communication Process

149. A mixed message occurs when a person uses both written and oral communication channels at the same time.

Ans: False
Difficulty: Hard
Ref: The Communication Process

150. Physical distractions seldom interfere with the effectiveness of communication.

Ans: False
Difficulty: Moderate
Ref: The Communication Process

151. Physical distractions create information overload but their impact can be minimized by setting priorities and planning.

Ans: True
Difficulty: Easy
Ref: The Communication Process

152. Status effects on communication often cause subordinates to bias their communication with higher-level managers.

Ans: True
Difficulty: Easy
Ref: The Communication Process

153. Filtering is the intentional distortion of information to make it appear favourable to the recipient.

Ans: True
Difficulty: Easy
Ref: The Communication Process

154. Status effects on communication are seldom serious because they result from managers having to listen too much to employees.

Ans: False
Difficulty: Moderate

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Ref: The Communication Process

155. Communication barriers can be overcome, perceptual distortions can be minimized, and the communication process can be improved by engaging in active listening, providing constructive feedback, opening communication channels, and using space and technology.

Ans: True
Difficulty: Hard
Ref: Improving Communication

156. The process of helping the source of a message say what he or she really means is called active listening.

Ans: True
Difficulty: Easy
Ref: Improving Communication

157. Active listening entails listening for message content, listening for feelings, responding to feelings, noting all cues, and paraphrasing and restating.

Ans: True
Difficulty: Easy
Ref: Improving Communication

158. An active listener tries to identify how the source feels about the content of the message.

Ans: True
Difficulty: Easy
Ref: Improving Communication

159. An active listener never lets the source know that her or his feelings are being recognized.

Ans: False
Difficulty: Moderate
Ref: Improving Communication

160. An active listener is sensitive to nonverbal and verbal messages, and is alert for mixed messages.

Ans: True
Difficulty: Easy
Ref: Improving Communication

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161. Feedback is the process of telling other people how you react to something they did or said.

Ans: True
Difficulty: Easy
Ref: Improving Communication

162. Feedback is often effective when used with a threatening edge that demonstrates who is in charge.

Ans: False
Difficulty: Moderate
Ref: Improving Communication

163. When poorly done, feedback can be threatening to the recipient and cause resentment.

Ans: True
Difficulty: Easy
Ref: Improving Communication

164. Constructive feedback should be: based on trust, specific rather than general, given at an appropriate time, something the receiver can act on, and given in small doses.

Ans: True
Difficulty: Easy
Ref: Improving Communication

165. Constructive feedback should be given directly and with real feeling, based on trust between you and the receiver.

Ans: True
Difficulty: Easy
Ref: Improving Communication

166. Constructive feedback should be given at a time when you are most ready and able to have an impact on the receiver.

Ans: False
Difficulty: Moderate
Ref: Improving Communication

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167. Proxemics refers to the use of space to communicate varying intentions in terms of intimacy, openness, and status.

Ans: True
Difficulty: Easy
Ref: Improving Communication

168. The amount of interpersonal distance between people suggests varying intentions in terms of intimacy but not openness or status.

Ans: False
Difficulty: Easy
Ref: Improving Communication

169. Organizational ecology utilizes office or workspace architecture to help facilitate intense communication.

Ans: True
Difficulty: Easy
Ref: Improving Communication

170. Communication in contemporary organizations relies on the use of information technology such as e-mail, voice mail, instant messaging, teleconferencing, online discussions, videoconferencing, computer-mediated meetings, intranets, and Web portals.

Ans: True
Difficulty: Moderate
Ref: Improving Communication

171. The electronic grapevine can be functional when the information is accurate and useful; it can be dysfunctional when the information is false, distorted, or simply based on rumour.

Ans: True
Difficulty: Moderate
Ref: Improving Communication

172. The best advice regarding e-mail privacy at work is to find out the employer's policy on personal e-mail and follow it, and not to assume that you have e-mail privacy at work.

Ans: True
Difficulty: Easy
Ref: Improving Communication

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173. Channel richness is the capacity of a communication channel to carry information in an effective manner.

Ans: True
Difficulty: Easy
Ref: Improving Communication

174. In a communication channel, high channel richness is impersonal, one-way, and fast.

Ans: False
Difficulty: Moderate
Ref: Improving Communication

175. Managers need to understand the limits of a channel and choose wisely in communicating various types of messages.

Ans: True
Difficulty: Easy
Ref: Improving Communication

176. "Management by wandering around" involves walking around and talking with subordinates about a variety of work-related matters.

Ans: True
Difficulty: Easy
Ref: Improving Communication

177. "Management by wandering around" reflects the actions of managers who do not have an adequate workload.

Ans: False
Difficulty: Moderate
Ref: Improving Communication

178. Managers and leaders can keep communication channels open through management by wandering around, open office hours, formal employee group meetings, and employee advisory councils.

Ans: True
Difficulty: Easy
Ref: Improving Communication

179. Managers and leaders can keep communication channels open through the use of employee advisory councils, on-line discussion forums, communication consultants, and computer-mediated meetings.

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Ans: True
Difficulty: Easy
Ref: Improving Communication

180. Difficulties in communication between people from different cultures may result from ethnocentrism, or the tendency to consider one's own culture as superior to all others.

Ans: True
Difficulty: Easy
Ref: Improving Communication

181. Considering one's own culture as superior to all others can result in poor communication by causing one to not listen to what is being said by the other person.

Ans: True
Difficulty: Easy
Ref: Improving Communication

182. Considering one's own culture as superior to all others can result in poor communication by leading to the use of inappropriate stereotypes in dealing with people from another culture.

Ans: True
Difficulty: Easy
Ref: Improving Communication

183. Cross-cultural communication skills are important and useful at home as well as abroad.

Ans: True
Difficulty: Moderate
Ref: Improving Communication

184. One employee's disruptive behaviour can often disrupt an entire department.

Ans: True
Difficulty: Moderate
Ref: Improving Communication

185. In today's business world, problem employees are never transferred to other departments to get rid of them.

Ans: False
Difficulty: Moderate
Ref: Improving Communication

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186. An employee chronically having a "bad day" can negatively influence the performance of an entire work group.

Ans: True
Difficulty: Moderate
Ref: Improving Communication

187. Different management styles apply best in different situations.

Ans: True
Difficulty: Moderate
Ref: Improving Communication

188. People's home life often affects their work life; and work life often affects home life.

Ans: True
Difficulty: Easy
Ref: Improving Communication

189. Managers are supposed to engage in "performance management" discussions with direct report employees. This discussion is always easier when the employee's performance is poor.

Ans: False
Difficulty: Moderate
Ref: Improving Communication

190. Managers sometimes feel that they are being asked to be a therapist in addition to being a "boss."

Ans: True
Difficulty: Moderate
Ref: Improving Communication

191. There is only one "best way" to deal with a problem employee.

Ans: False
Difficulty: Easy
Ref: Improving Communication

192. Managers are often conflicted when deciding to bring in other members of the team to deal with a problem employee.

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Ans: True
Difficulty: Hard
Ref: Improving Communication

193. When dealing with a problem employee, manager must consider the impact of the decision on the other members of the team.

Ans: True
Difficulty: Moderate
Ref: Improving Communication

194. The aftermath of problem employees' actions may necessitate the need to counsel the other members of the team to rebuild team skills and interactions.

Ans: True
Difficulty: Hard
Ref: Improving Communication

195. Luckily for managers, people's lives fall into neat and separate categories resulting in few problems of home and work life problem overlaps.

Ans: False
Difficulty: Moderate
Ref: Improving Communication

196. Communicating with individuals of different cultures is no longer a problem since everyone speaks and understands English.

Ans: True
Difficulty: Moderate
Ref: Improving Communication

197. Message meaning is often "lost" in translation from one language to another.

Ans: True
Difficulty: Moderate
Ref: Improving Communication

198. There is nothing lost in translation in the KFC advertisement stating the chicken is "finger lickin' good," translated in China as "eat your fingers off." Both express the same idea.

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Ans: False
Difficulty: Moderate
Ref: Improving Communication

199. Taiwanese students would be honoured to drink Pepsi after seeing that the campaign for "The Pepsi Generation" translates as "Pepsi will bring your ancestors back from the dead" since the Taiwanese people have great respect for their ancestors.

Ans: False
Difficulty: Moderate
Ref: Improving Communication

200. Ethnocentrism is defined as the tendency to consider one's own culture inferior to other cultures.

Ans: False
Difficulty: Easy
Ref: Improving Communication

201. There is no way that ethnocentrism can hurt communication.

Ans: False
Difficulty: Moderate
Ref: Improving Communication

202. One way that ethnocentrism may hurt communication is it may cause someone to not listen well to what others have to say.

Ans: True
Difficulty: Moderate
Ref: Improving Communication

203. One way that ethnocentrism may hurt communication is it may cause someone to address or speak with others in ways that alienate them.

Ans: True
Difficulty: Moderate
Ref: Improving Communication

204. One way that ethnocentrism may hurt communication is it may lead to the use of inappropriate stereotypes when dealing with persons from other cultures.

Ans: True

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Difficulty: Moderate
Ref: Improving Communication

205. There are no communication difficulties in using non-verbal communication.

Ans: False
Difficulty: Moderate
Ref: Improving Communication

206. Non verbal communication includes eye movements, touching and body motions, for example.

Ans: True
Difficulty: Moderate
Ref: Improving Communication

207. All non-verbal communication body movements are interpreted the same in all cultures.

Ans: False
Difficulty: Moderate
Ref: Improving Communication

208. Asian cultures absolutely love touching behaviours in non-verbal communication.

Ans: False
Difficulty: Hard
Ref: Improving Communication

209. Interpretation of non-verbal aspects of communication may be subtle and complicated.

Ans: True
Difficulty: Hard
Ref: Improving Communication

Multiple Choice Questions

210. Respect flows toward leaders who behave:
a) With impunity.
b) With integrity.
c) With regard to only themselves.
d) With confidence bordering on arrogance.

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Ans: B
Difficulty: Moderate
Ref: Learning About Yourself

211. Which of the following would describe a person who is lacking integrity?
a) Willingness to lie.
b) Blaming others for personal mistakes.
c) Falsifying reports and records.
d) All of the above.
e) None of the above.

Ans: D
Difficulty: Moderate
Ref: Learning About Yourself

212. Peter Drucker says:
a) A leader should not worry about integrity, it comes naturally.
b) A leader with integrity is a servant of the organization.
c) Leadership integrity is an outmoded ideal.
d) None of the above.

Ans: B
Difficulty: Moderate
Ref: Learning About Yourself

213. The tendency to develop "special" relationships with some team members is a central theme in:
a) The Hersey-Blanchard Model.
b) The Blake-Mouton Managerial Grid.
c) The Leader Member Exchange Theory.
d) The AMX Theory.

Ans: C
Difficulty: Moderate
Ref: Contingency Approaches to Leadership

214. The best performers who enjoy special and trusted relationships with the leader are referred to as:
a) Brownies.
b) The Eagles.
c) The "In-Group."
d) The "Out-Group."

Ans: C
Difficulty: Moderate
Ref: Contingency Approaches to Leadership

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215. The notion that as a leader and follower interact over time their exchanges end up defining the follower's role is a notion which underlies:
a) The House-Goal Theory.
b) The LMX Theory.
c) The Jungian Model.
d) Hersey-Blanchard Model.

Ans: B
Difficulty: Moderate
Ref: Contingency Approaches to Leadership

216. "Outgroup" members:
a) Enjoy the same privileges as the "In-Group."
b) Do not enjoy the same privileges as the "In-Group."
c) Have sound reasons to file discrimination charges against the leaders.
d) Often give privileges to the leaders.

Ans: B
Difficulty: Moderate
Ref: Contingency Approaches to Leadership

217. The follower's role ends up being defined as high-exchange or low-exchange through the influence of:
a) Personality similarities or differences with the leader.
b) Interaction opportunities with the leader.
c) The follower's competencies or lack thereof.
d) All of the above.
e) None of the above.

Ans: D
Difficulty: Moderate
Ref: Contingency Approaches to Leadership

218. One of the implications of the LMX Theory is:
a) The nature of the exchange is fated on the day the follower is hired.
b) The nature of the exchange is determined by the leader and based on some presumed characteristic of the follower.
c) The nature of the exchange is unimportant, only the leader is important.
d) None of the above.

Ans: B
Difficulty: Moderate
Ref: Contingency Approaches to Leadership

219. The LMX theory seems to:

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a) Make no sense in reality.
b) Only works in High "X" situations.
c) Be a trait of governmental bureaucracy.
d) Make sense and correspond to working realities experienced by many people.

Ans: D
Difficulty: Moderate
Ref: Contingency Approaches to Leadership

220. A low-LMX relationship is based on:
a) Perceived favourable personality, compatibility and competency by the leader.
b) Perceived unfavourable personality, compatibility and competency by the leader.
c) No perception at all.
d) Guesswork.

Ans: B
Difficulty: Moderate
Ref: Contingency Approaches to Leadership

221. Members of the "In-Group" receive:
a) More favourable performance evaluations than those in the "Out-Group."
b) Less favourable performance evaluations than those in the "Out-Group."
c) No performance evaluations.
d) None of the above.

Ans: A
Difficulty: Moderate
Ref: Contingency Approaches to Leadership

222. _____ is the process of inspiring others to work hard to accomplish important tasks.
a) Management.
b) Motivation.
c) Culture building.
d) Leadership.
e) Teamwork.

Ans: D
Difficulty: Easy
Ref: The Nature of Leadership

223. Which of the following gives the BEST description of the management function called leading?
a) Determining what is to be achieved, setting goals, and identifying appropriate steps.
b) Monitoring performance, comparing results, and taking corrective action.
c) Defining tasks, assigning personnel, and supporting them with resources.
d) Setting goals, allocating resources, and giving corrective feedback.
e) Building commitment and enthusiasm for people to apply their talents to help accomplish plans.

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Ans: E
Difficulty: Easy
Ref: The Nature of Leadership

224. Leading is related to the other management functions. Specifically, _____ sets the direction and objectives; _____ brings the resources together to turn plans into action; _____ builds the commitments and enthusiasm needed for people to apply their talents fully to help accomplish plans; and _____ makes sure things turn out right.
a) Planning … leading … organizing … controlling.
b) Leading … planning … organizing … controlling.
c) Planning … organizing … leading … controlling.
d) Organizing … planning … leading … controlling.
e) Leading … organizing … planning … controlling.

Ans: C
Difficulty: Hard
Ref: The Nature of Leadership

225. The ability to get someone else to do something you want done or to make things happen the way you want is called _____.
a) Leadership.
b) Political behaviour.
c) Manipulation.
d) Control.
e) Power.

Ans: E
Difficulty: Easy
Ref: The Nature of Leadership

226. Which of the following statements accurately describe the positive face of power?
a) It is the foundation of effective leadership.
b) It is the ability to make things happen for the good of the group as a whole.
c) It is the ability to make things happen for the good of the organization as a whole.
d) All of the above.
e) None of the above.

Ans: D
Difficulty: Moderate
Ref: The Nature of Leadership

227. Reward power, coercive power, and legitimate power are different types of _____.
a) Formal leadership.
b) Position power.
c) Informal leadership.

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d) Personal power.
e) Directive leadership.

Ans: B
Difficulty: Easy
Ref: The Nature of Leadership

228. Which of the following would NOT be considered a source of position power for a manager?
a) The ability to give special monetary rewards to deserving subordinates.
b) Possession of a charismatic personality.
c) The ability to recommend disciplinary action for subordinates.
d) Being a high-ranking executive in the company.
e) The flexibility to schedule some subordinates into the most desirable job assignments.

Ans: B
Difficulty: Moderate
Ref: The Nature of Leadership

229. _____ is the ability to influence the behaviour of other people because of one's capacity to offer positive outcomes.
a) Legitimate power.
b) Expert power.
c) Coercive power.
d) Referent power.
e) Reward power.

Ans: E
Difficulty: Easy
Ref: The Nature of Leadership

230. _____ is the ability to influence the behaviour of other people because of one's capacity to punish or withhold positive outcomes.
a) Legitimate power.
b) Expert power.
c) Coercive power.
d) Referent power.
e) Reward power.

Ans: C
Difficulty: Easy
Ref: The Nature of Leadership

231. _____ is the ability to influence the behaviour of other people because of one's organizational position or status.
a) Legitimate power.
b) Expert power.

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c) Coercive power.
d) Referent power.
e) Reward power.

Ans: A
Difficulty: Easy
Ref: The Nature of Leadership

232. When Laura, a manager in a department store, tells someone to do something and refers to the fact that she is the boss and therefore the other person must do as asked, she is trying to use _____ power to influence the other person's behaviour.
a) Personal.
b) Referent.
c) Legitimate.
d) Coercive.
e) Formal.

Ans: C
Difficulty: Hard
Ref: The Nature of Leadership

233. Expert power and referent power are different types of _____.
a) Formal leadership.
b) Position power.
c) Informal leadership.
d) Personal power.
e) Transformational leadership.

Ans: D
Difficulty: Easy
Ref: The Nature of Leadership

234. Which of the following would NOT be considered a source of personal power for a manager?
a) The ability to influence because of special expertise.
b) Possession of a charismatic personality.
c) The ability to influence through personal identification.
d) Holding a high-ranking title in the management hierarchy.
e) Having specific knowledge to solve a problem.

Ans: D
Difficulty: Hard
Ref: The Nature of Leadership

235. Ralph makes it a point to always offer help in technical areas in which he is skilled and knowledgeable. His subordinates trust his judgment, and form one of the most productive units in the company. What type of power is Ralph exerting?

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a) Legitimate power.
b) Expert power.
c) Coercive power.
d) Referent power.
e) Reward power.

Ans: B
Difficulty: Hard
Ref: The Nature of Leadership

236. When a manager's charisma or interpersonal attractiveness is used to influence the behaviour of subordinates, the manager is using _____.
a) Referent power.
b) Human relations leadership.
c) Expert power.
d) Position power.
e) Participative leadership.

Ans: A
Difficulty: Moderate
Ref: The Nature of Leadership

237. Vision, which is frequently associated with effective leadership, refers to _____.
a) The leader's capacity to plan, organize, and control.
b) A future that one hopes to create or achieve in order to improve upon the present state of affairs.
c) The ability to spontaneously take charge in a group situation.
d) The leader's capacity to influence superiors.
e) The knowledge of when to use position power and when not use it.

Ans: B
Difficulty: Moderate
Ref: The Nature of Leadership

238. _____ describes a leader who brings to the situation a clear and compelling sense of the future as well as an understanding of the actions needed to get there successfully.
a) Visionary leadership.
b) Participative leadership.
c) Consultative leadership.
d) Charismatic leadership.
e) Transformational leadership.

Ans: A
Difficulty: Easy
Ref: The Nature of Leadership

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239. Which of the following is NOT a core principle that should be practiced by managers who want to meet the challenges of visionary leadership?
a) Be a team player.
b) Be a pioneer.
c) Be a consistent role model of behaviour.
d) Be enthusiastic and inspire others to share a common vision.
e) Be first with ideas and right in all you do.

Ans: E
Difficulty: Hard
Ref: The Nature of Leadership

240. _____ describes a leader who is follower-centered and committed to helping others in their work
a) Visionary leadership.
b) Participative leadership
c) Consultative leadership.
d) Servant leadership
e) Charismatic leadership.

Ans: D
Difficulty: Easy
Ref: The Nature of Leadership

241. The form of leadership based on commitment to serving others, to helping people use their talents to full potential while working together to benefit society is called:
a) Charismatic leadership
b) Participative leadership
c) Servant leadership
d) Visionary leadership
e) None of the above

Ans: C
Difficulty: Easy
Ref: The Nature of Leadership

242. _____is generated when leadership shifts focus from self to others
a) Expert power
b) Referent power
c) Empowerment
d) Coercive power
e) Legitimate power

Ans: C
Difficulty: Moderate
Ref: The Nature of Leadership

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243. _____ enables others to gain and use decision-making powers
a) A vision
b) Referent power
c) Empowerment
d) Coercive power
e) Legitimate power

Ans: C
Difficulty: Moderate
Ref: The Nature of Leadership

244. Effective leaders empower others by providing them with the _____ to make decisions and act independently within their areas of expertise.
a) Information, problem-solving techniques, team cohesiveness, and information technology.
b) Responsibility, concern for people, concern for task, and supportive style.
c) Authority, task directions, task orientation, and information technology.
d) Trust, task needs, maintenance needs, and participation.
e) Information, responsibility, authority, and trust.

Ans: E
Difficulty: Moderate
Ref: The Nature of Leadership

245. Which is NOT a tip regarding how to empower others?
a) Provide employees with information and responsibility.
b) Encourage others to take initiative and make decisions.
c) Create an environment of cooperation, trust, and shared ownership of goals.
d) Provide close supervision and tight control.
e) Let others put their ideas and solutions into practice.

Ans: D
Difficulty: Hard
Ref: The Nature of Leadership

246. The _____ approach to the study of leadership focuses on a leader's personal characteristics as the primary determinants of leadership success.
a) Trait.
b) Behavioural.
c) Contingency.
d) Situational.
e) Path-goal.

Ans: A
Difficulty: Easy
Ref: Leadership Traits and Behaviours

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

Ans: D
Difficulty: Hard
Ref: Leadership Traits and Behaviours

248. Personal traits that are common among successful leaders include all of the following EXCEPT:
a) Drive, motivation, and self-confidence.
b) Honesty and integrity.
c) Cognitive ability and business knowledge.
d) Being a people person.
e) Creativity and flexibility.

Ans: D
Difficulty: Moderate
Ref: Leadership Traits and Behaviours

249. _____ is concerned with the recurring pattern of behaviours exhibited by a leader.
a) Behavioural leadership theory.
b) Situational control.
c) Supportive leadership.
d) Leadership style.
e) Democratic leadership.

Ans: D
Difficulty: Easy
Ref: Leadership Traits and Behaviours

250. A manager who has high concern for task uses a leadership style that emphasizes all of the following EXCEPT:
a) Planning and defining work to be done.
b) Assigning task responsibilities.
c) Setting clear work standards.
d) Trusting subordinates.
e) Monitoring task performance.

Ans: D
Difficulty: Moderate
Ref: Leadership Traits and Behaviours

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251. According to leader behaviour research, a manager who acts warm and supportive toward followers, maintains good social relations with them, respects their feelings, is sensitive to their needs, and shows trust in them is _____.
a) High in concern for task.
b) High in concern for people.
c) Low in concern for people.
d) Low in concern for task.
e) High in concern for task, low in concern for people.

Ans: B
Difficulty: Moderate
Ref: Leadership Traits and Behaviours

252. In the Blake and Mouton Leadership Grid®, _____ is the preferred leadership style that reflects a high concern for both people and the task.
a) Team management.
b) Authority-obedience management.
c) Country club management.
d) Impoverished management.
e) Middle-of-road management.

Ans: A
Difficulty: Moderate
Ref: Leadership Traits and Behaviours

253. In the Blake and Mouton Leadership Grid®, _____ reflects a high concern for people and a low concern for the task.
a) Team management.
b) Authority-obedience management.
c) Country club management.
d) Impoverished management.
e) Middle-of-road management.

Ans: C
Difficulty: Moderate
Ref: Leadership Traits and Behaviours

254. A(n) _____ of leadership emphasizes task over people, keeps authority and information within the leader's tight control, and acts in a unilateral command-and-control fashion.
a) Moral style.
b) Autocratic style.
c) Laissez-faire style.
d) Democratic style.
e) Good old-fashioned style.

Ans: B

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Difficulty: Easy
Ref: Leadership Traits and Behaviours

255. A(n) _____ of leadership shows little concern for task, lets the group make decisions, and acts with a "do the best you can and don't bother me" attitude.
a) Moral style.
b) Autocratic style.
c) Laissez-faire style.
d) Democratic style.
e) Good old-fashioned style.

Ans: C
Difficulty: Easy
Ref: Leadership Traits and Behaviours

256. _____ attempt to answer the question: "When and under what circumstances is a particular leadership style preferable to others?"
a) Power-based approaches to leadership
b) Trait approaches to leadership
c) Behavioural approaches to leadership
d) Contingency approaches to leadership
e) Ethical approaches to leadership

Ans: D
Difficulty: Easy
Ref: Contingency Approaches to Leadership

257. The basic premise of Fiedler's contingency theory is that leadership success depends on _____.
a) The manager's relationship with the employees.
b) The manager's ability to change styles, given the situation.
c) The match between leadership style and situational demands.
d) The personality of the manager and the employees.
e) The manager's knowledge of the work situation.

Ans: C
Difficulty: Moderate
Ref: Contingency Approaches to Leadership

258. In Fiedler's contingency model, the _____ scale is used to measure a person's leadership style.
a) Leader personality contingency.
b) Leadership profile categorization.
c) Least-preferred co-worker.
d) Leader participation contingencies.
e) Leadership power concerns.

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Ans: C
Difficulty: Easy
Ref: Contingency Approaches to Leadership

259. In Fiedler's contingency model, a person's leadership style is described as either _____ or _____.
a) Task-motivated … relationship-motivated.
b) Team manager … impoverished manager.
c) Delegating … participating
d) Selling … telling
e) Supportive … achievement-oriented.

Ans: A
Difficulty: Hard
Ref: Contingency Approaches to Leadership

260. What are the three variables that determine a leader's situational control according to Fiedler's contingency theory?
a) Referent power, leadership style, and task structure.
b) Personal power, leadership style, and leader-member relations.
c) Expert power, task structure, and leader-member relations.
d) Position power, task structure, and leader-member relations.
e) Expert power, leadership style, and task structure.

Ans: D
Difficulty: Hard
Ref: Contingency Approaches to Leadership

261. The extent to which task goals, procedures, and guidelines are clearly spelled out is called _____.
a) Quality of leader-member relations.
b) Amount of position power.
c) Leadership style.
d) Degree of task structure.
e) Situational control.

Ans: D
Difficulty: Easy
Ref: Contingency Approaches to Leadership

262. Assume you are the supervisor of a group of bank tellers. Your subordinates are highly supportive, their jobs are well defined, and you have clear authority to evaluate and reward their performance. Which of the following leadership styles would be most recommended based upon Fiedler's theory?
a) Task-oriented.
b) Relationship-oriented.
c) Human relations.
d) Team-oriented.
e) Achievement-oriented.

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Ans: A
Difficulty: Hard
Ref: Contingency Approaches to Leadership

263. Suppose that the following features characterize the leadership situation in a specific work team: (a) The skills required in each team member's job, the order in which tasks are to be performed, and the interdependencies among the various jobs are all clearly defined. (b) The supervisor frequently criticizes team members and readily punishes them because he has the power to do so. (c) Because the supervisor is punitive, the team members try to undermine his authority and sabotage his leadership. Which leadership style likely would be most effective in this situation?
a) Task-oriented.
b) Relationship-oriented.
c) Human relations.
d) Team-oriented.
e) Achievement-oriented.

Ans: B
Difficulty: Hard
Ref: Contingency Approaches to Leadership

264. The basic premise of the Hersey-Blanchard situational leadership model is that _____.
a) Managers should find situations that suit their leadership style.
b) Managers should first define the situational demands of the work setting.
c) Managers should determine the amount of situational control they believe they have in each situation.
d) Managers should adjust their leadership styles depending on the readiness of the followers to perform in a given situation.
e) Managers should use the leadership style that is most comfortable for them.

Ans: D
Difficulty: Moderate
Ref: Contingency Approaches to Leadership

265. According to Hersey and Blanchard's situational leadership model, employee readiness is determined by _____.
a) Ability, willingness, and confidence of the followers in performing required tasks.
b) Position power, task structure, and leader-member relations.
c) Task, relationship, and decision-making ability of the followers.
d) Motivation, desire, and control of the leader.
e) Intelligence, ability, and motivation of the followers.

Ans: A
Difficulty: Moderate
Ref: Contingency Approaches to Leadership

266. In Hersey and Blanchard's situational leadership model, a manager who allows the group to make and take responsibility for task decisions uses which leadership style?

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a) Telling.
b) Participating.
c) Delegating.
d) Asking.
e) Selling.

Ans: C
Difficulty: Moderate
Ref: Contingency Approaches to Leadership

267. Mike is highly capable of performing his job in terms of ability, willingness, and confidence. According to Hersey and Blanchard, which style would work best in this situation?
a) Telling.
b) Selling.
c) Directing.
d) Delegating.
e) Participating.

Ans: D
Difficulty: Hard
Ref: Contingency Approaches to Leadership

268. Janice is not very capable of performing her job in terms of ability, willingness, and confidence. According to Hersey and Blanchard, which style would work best in this situation?
a) Telling.
b) Selling.
c) Directing.
d) Delegating.
e) Participating.

Ans: A
Difficulty: Moderate
Ref: Contingency Approaches to Leadership

269. The basic premise of House's path-goal contingency leadership theory is that _____.
a) Effective leaders should adapt their style to suit the employee.
b) Since leadership style is part of the individual's basic character, effective leaders will find a situation most suitable to their style.
c) Managers can be taught the one best leadership style.
d) Effective leaders clarify the path through which followers can achieve both task-related and personal goals.
e) Effective leaders provide the motivation for their followers to achieve organizational objectives.

Ans: D
Difficulty: Moderate
Ref: Contingency Approaches to Leadership

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270. According to House's path-goal leadership model, which of the following behaviours is part of a directive leadership style?
a) Showing concern for the status and needs of subordinates.
b) Soliciting the suggestions of subordinates.
c) Displaying confidence that subordinates are able to meet high standards.
d) Treating subordinates as equals.
e) Maintaining definite standards of performance.

Ans: E
Difficulty: Moderate
Ref: Contingency Approaches to Leadership

271. According to House's path-goal leadership theory, a manager who _____ is showing a supportive leadership style
a) Lets subordinates know what performance is expected.
b) Urges subordinates to perform at their highest level.
c) Consults with subordinates before making job changes.
d) Treats subordinates as equals and acts friendly toward them.
e) Uses subordinates' suggestions in making decisions.

Ans: D
Difficulty: Moderate
Ref: Contingency Approaches to Leadership

272. Len and John are managers. Len spends a lot of time scheduling work to be done and providing guidance on its accomplishment. John takes great care to listen to his subordinates' concerns and act friendly toward them. In the terminology of House's path-goal theory, Len is acting as a(n) _____ leader, while John is acting as a(n) _____ leader.
a) Directive…achievement-oriented.
b) Directive…supportive.
c) Achievement-oriented…participative.
d) Achievement-oriented…supportive.
e) Autocratic…democratic.

Ans: B
Difficulty: Hard
Ref: Contingency Approaches to Leadership

273. House's path-goal leadership model advises managers to use leadership styles that complement situational needs. Which of the following statements accurately represents the advice provided by the path-goal model?
a) When job assignments are ambiguous, directive leadership is needed to clarify task objectives and expected rewards.
b) When worker self-confidence is low, supportive leadership is needed to increase confidence by emphasizing individual abilities and offering needed task assistance.
c) When performance incentives are poor, participative leadership is needed to clarify individual needs and identify appropriate rewards.
d) When task challenge is insufficient, achievement-oriented leadership is needed to set goals and raise performance aspirations.

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e) All of these are accurate statements.

Ans: E
Difficulty: Hard
Ref: Contingency Approaches to Leadership

274. Aspects of the work setting and the people involved that can reduce the need for a leader's personal involvement are referred to as _____.
a) Leadership aids.
b) Corporate baby-sitters.
c) Leader clones.
d) Substitutes for leadership.
e) Mock leaders.

Ans: D
Difficulty: Moderate
Ref: Contingency Approaches to Leadership

275. The Vroom-Jago leader-participation model is designed to _____.
a) Enable leaders to define their leadership style.
b) Enable leaders to define the situational characteristics of the work setting so that the best leadership style can be used.
c) Help leaders choose an appropriate decision-making method for any problem situation.
d) Help leaders develop suitable leadership traits.
e) Provide ready-made decisions concerning leadership situations.

Ans: C
Difficulty: Moderate
Ref: Contingency Approaches to Leadership

276. According to the Vroom-Jago leader-participation model, a(n) _____ occurs when the leader makes the decision alone and then communicates it to the work group.
a) Authority decision.
b) Delegating decision.
c) Power-oriented decision.
d) Consultative decision.
e) Group decision.

Ans: A
Difficulty: Moderate
Ref: Contingency Approaches to Leadership

277. According to the Vroom-Jago leader-participation model, a(n) _____ occurs when all team members participate in making a decision.
a) Authority decision.
b) Employee involvement decision.

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c) Middle-of-road management decision.
d) Consultative decision.
e) Group decision.

Ans: E
Difficulty: Moderate
Ref: Contingency Approaches to Leadership

278. The Vroom-Jago leader-participation model identifies several different decision-making options that are available for managers and leaders. The _____ option is being used when the manager or leader makes the decision after convening the group, sharing the problem, and consulting with everyone to get their suggestions.
a) Decide alone.
b) Consult individually.
c) Consult with group.
d) Facilitate.
e) Delegate.

Ans: C
Difficulty: Moderate
Ref: Contingency Approaches to Leadership

279. The Vroom-Jago leader-participation model identifies several different decision-making options that are available for managers and leaders. The _____ option is being used when the manager or leader convenes the group and delegates to group members the authority to define the problem and make a decision.
a) Decide alone.
b) Consult individually.
c) Consult with group.
d) Facilitate.
e) Delegate.

Ans: E
Difficulty: Moderate
Ref: Contingency Approaches to Leadership

280. Which of the following statements accurately describe the Vroom-Jago leader-participation model?
a) Problem situations are characterized in terms of decision quality, decision acceptance, and decision time.
b) Decision quality is based on who has information that is needed for problem solving.
c) Decision acceptance is based on the importance of subordinate acceptance to eventual solution implementation.
d) Decision time is based on the time available to make and implement the decision.
e) Each of the above statements provides an accurate description of the Vroom-Jago leader-participation model.

Ans: E
Difficulty: Moderate
Ref: Contingency Approaches to Leadership

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281. _____ leader develops special leader-follower relationships and inspires followers in extraordinary ways.
a) Participative.
b) Charismatic.
c) Transformational.
d) Transactional.
e) Old-fashioned.

Ans: B
Difficulty: Easy
Ref: Issues in Leadership Development

282. _____ leadership focuses on directing the efforts of others through the use of tasks, rewards, and structures.
a) Participative.
b) Charismatic
c) Transformational.
d) Transactional.
e) Old-fashioned.

Ans: D
Difficulty: Easy
Ref: Issues in Leadership Development

283. Which of the following is a signal that transformational leadership is likely being used?
a) Followers are enthusiastic about the leader and his or her ideas.
b) Followers work hard to support the leader.
c) Followers remain loyal and devoted to the leader.
d) Followers strive for superior performance accomplishments.
e) All of the above are signals that transformational leadership is being used.

Ans: C
Difficulty: Moderate
Ref: Issues in Leadership Development

284. Having ideas and a clear sense of direction; communicating them to others; and developing excitement about accomplishing shared "dreams" describe the transformational leadership attribute of _____.
a) Vision.
b) Charisma.
c) Symbolism.
d) Empowerment.
e) Intellectual stimulation.

Ans: A
Difficulty: Easy
Ref: Issues in Leadership Development

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285. Using the power of personal reference and emotion to arouse others' enthusiasm, faith, loyalty, pride, and trust in themselves" describes the transformational leadership attribute of _____.
a) Vision.
b) Charisma.
c) Symbolism.
d) Empowerment.
e) Intellectual stimulation.

Ans: B
Difficulty: Easy
Ref: Issues in Leadership Development

286. Helping others develop, removing performance obstacles, sharing responsibilities, and delegating truly challenging work" describe the transformational leadership attribute of _____.
a) Vision.
b) Charisma.
c) Symbolism.
d) Empowerment.
e) Intellectual stimulation.

Ans: D
Difficulty: Easy
Ref: Issues in Leadership Development

287. _____ is ability to manage our emotions in social relationships.
a) Empowerment.
b) Contingent leadership.
c) Moral leadership.
d) Leadership openness.
e) Emotional intelligence.

Ans: E
Difficulty: Easy
Ref: Issues in Leadership Development

288. Which of the following statements is/are correct?
a) Emotional intelligence refers to a person's ability to manage his/her emotions in social relationships.
b) A leader's emotional intelligence significantly influences his or her effectiveness, especially in senior management positions.
c) Emotional intelligence skills are genetically based; they cannot be learned.
d) A and B.
e) All of the above are correct statements.

Ans: D
Difficulty: Easy
Ref: Issues in Leadership Development

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289. The components of emotional intelligence include all of the following EXCEPT:
a) The ability to understand one's own moods and emotions, and understand their impact on one's work and on others.
b) The ability to think before acting, and to control otherwise disruptive impulses.
c) The ability to work hard with persistence, and for reasons other than money and status.
d) The ability to establish appropriate work goals for others, and to provide the necessary task structures for achieving them
e) The ability to understand the emotions of others, and to use this understanding to better relate to others.

Ans: D
Difficulty: Moderate
Ref: Issues in Leadership Development

290. Women tend to rely on the _____ leadership approach and men tend to rely on the _____ leadership approach.
a) Assertive … laissez-faire.
b) Transactional … transformational.
c) Interactive … transactional.
d) Transactional … interactive.
e) Laissez-faire … democratic.

Ans: C
Difficulty: Moderate
Ref: Issues in Leadership Development

291. Women tend to exhibit _____and _____ behaviours in their leadership approaches.
a) Democratic … autocratic.
b) Autocratic … participative.
c) Laissez-faire … democratic.
d) Democratic … participative.
e) Autocratic … laissez-faire.

Ans: D
Difficulty: Moderate
Ref: Issues in Leadership Development

292. Men tend to exhibit _____and _____ behaviours in their leadership approaches.
a) Assertive … directive.
b) Supportive … directive.
c) Laissez-faire … supportive.
d) Assertive … democratic.
e) Democratic … supportive.

Ans: A
Difficulty: Moderate
Ref: Issues in Leadership Development

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293. Given the current emphasis on shared power, communication, cooperation, and participation in new-form organizations, _____ leadership appears to be an excellent fit with the demands of a diverse workforce and the new workplace.
a) Assertive.
b) Transactional.
c) Interactive.
d) Country club.
e) Laissez-faire.

Ans: C
Difficulty: Easy
Ref: Issues in Leadership Development

294. According to Peter Drucker, effective leadership should be viewed as _____.
a) An outward manifestation of personal charisma.
b) Good "old-fashioned" hard work.
c) The ability to inspire followers.
d) The capacity to use charisma in transforming organizations.
e) The ability to use charisma to influence both enthusiastic and recalcitrant followers.

Ans: B
Difficulty: Easy
Ref: Issues in Leadership Development

295. According to Drucker's concept of "old-fashioned" leadership, accepting leadership as a responsibility rather than a rank involves having _____.
a) Leaders who surround themselves with talented people.
b) Leaders who are not afraid to develop strong and capable subordinates.
c) Followers who believe the leader means what he or she says.
d) A and B.
e) A and C.

Ans: D
Difficulty: Moderate
Ref: Issues in Leadership Development

296. In the context of Drucker's "old-fashioned" leadership, earning and keeping the trust or others involves which of the following elements?
a) The leader has personal integrity.
b) Good leaders do not blame others when things go wrong.
c) The followers believe that the leader's actions will be consistent with what is said.
d) A and B.
e) A and C.

Ans: E

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Difficulty: Moderate
Ref: Issues in Leadership Development

297. _____ is leadership by moral standards that meet the ethical test of being "good" and not "bad," of being "right" and not "wrong."
a) Good old-fashioned leadership.
b) Proper transformational leadership.
c) Ethical leadership.
d) Charismatic leadership.
e) Right-headed transactional leadership.

Ans: C
Difficulty: Easy
Ref: Issues in Leadership Development

298. Which of the following statements about ethical leadership is/are accurate?
a) Long-term, sustainable success can only be built upon a foundation of solid ethical behaviour.
b) Leaders should try to be ethical out of fear of being caught for doing something wrong.
c) Ethical leaders can act with confidence, knowing that their actions are beyond reproach.
d) A and C.
e) A, B, and C.

Ans: D
Difficulty: Moderate
Ref: Issues in Leadership Development

299. _____ is an essential element of transformational leadership and good old-fashioned leadership.
a) Initiating structure.
b) Consideration.
c) Employee-centeredness.
d) Country club management.
e) Integrity.

Ans: E
Difficulty: Easy
Ref: Issues in Leadership Development

300. In the context of ethical leader behaviour, a leader who _____ earns the trust of followers.
a) Exhibits the task-oriented leadership style.
b) Is visionary.
c) Exercises the leader behaviour of consideration.
d) Acts as a transformational leader.
e) Has integrity.

Ans: E
Difficulty: Hard

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Ref: Issues in Leadership Development

301. The characteristics of _____ help them to clearly frame moral dilemmas, transparently respond to them, and serve as ethical role models.
a) Transactional leaders.
b) Transformational leaders.
c) Good old-fashioned leaders.
d) Charismatic leaders.
e) Authentic leaders.

Ans: E
Difficulty: Moderate
Ref: Issues in Leadership Development

302. _____ is an interpersonal process of sending and receiving symbols with messages attached to them.
a) Conflict resolution.
b) Communication.
c) Teamwork.
d) Organization design.
e) Decision making.

Ans: B
Difficulty: Easy
Ref: The Communication Process

303. Which of the following is NOT one of the key elements in the communication process?
a) Sender.
b) Feedback.
c) Receiver.
d) Channel.
e) Goal.

Ans: E
Difficulty: Easy
Ref: The Communication Process

304. In the communication process, _____ is sent through a communication channel to a _____, who then decodes or interprets its meaning.
a) Noise … person.
b) Feedback … receiver.
c) The message … receiver.
d) A decision … work team.
e) An attribution … a leader.

Ans: C
Difficulty: Hard

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Ref: The Communication Process

305. When present, _____ reverses the communication process and conveys the receiver's response to the sender.
a) Encoding.
b) Decoding.
c) Feedback.
d) Noise.
e) Efficiency.

Ans: C
Difficulty: Easy
Ref: The Communication Process

306. Which of the following statements accurately describes communication effectiveness?
a) Effective communication occurs when the sender's intended message and the receiver's interpreted meaning of that message are identical.
b) Effective communication occurs when the receiver (subordinate) does exactly what the sender (supervisor) wants.
c) Effective communication means there are no wasted words or gestures.
d) Effective communication is the same as efficient communication.
e) Effective communication occurs when minimal time is spent in the communication process.

Ans: A
Difficulty: Hard
Ref: The Communication Process

307. Which of the following statements accurately describes communication efficiency?
a) Efficient communication occurs when the intended message of the sender and the perceived meaning of the receiver are one and the same.
b) Efficient communication occurs at minimum cost in terms of resources expended.
c) Efficient communication occurs in one-way, rather than two-way, communication.
d) Efficient communication means that all noise has been eliminated from the communication process.
e) Efficient communication is the same as effective communication.

Ans: B
Difficulty: Hard
Ref: The Communication Process

308. A manager describes how to perform a new task to a subordinate; the subordinate then repeats the instructions accurately and does the job flawlessly. The manager then follows the same procedure with several other employees, one at a time. This communication process would most likely be characterized as _____.
a) Effective but not efficient communication.
b) Efficient but not effective communication.
c) Neither effective nor efficient communication.
d) Both effective and efficient communication.

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e) A typical failure of leadership.

Ans: A
Difficulty: Hard
Ref: The Communication Process

309. _____ is getting someone else to support the message being presented.
a) Nonverbal communication.
b) Filtering.
c) Feedback.
d) Persuasion.
e) Active listening.

Ans: D
Difficulty: Easy
Ref: The Communication Process

310. _____ refers to trust, respect, and integrity in the eyes of others.
a) Morality.
b) Proxemics.
c) Credibility.
d) Filtering.
e) Active listening.

Ans: C
Difficulty: Easy
Ref: The Communication Process

311. Building credibility through _____ requires knowledge about the issue in question and/or a successful prior track record at dealing with similar issues.
a) Task performance.
b) Expertise.
c) Relationships.
d) Authority.
e) Familiarity.

Ans: B
Difficulty: Easy
Ref: The Communication Process

312. Building credibility through _____ requires having a good working relationship with the person to be persuaded.
a) Task performance.
b) Expertise.
c) Relationships.

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d) Authority.
e) Familiarity.

Ans: C
Difficulty: Easy
Ref: The Communication Process

313. Anything that interferes with the effectiveness of the communication process is _____.
a) Disturbance.
b) Physical distraction.
c) Noise.
d) An ineffective channel.
e) Passive feedback.

Ans: C
Difficulty: Easy
Ref: The Communication Process

314. Common sources of noise in the communication process include all of the following EXCEPT:
a) Poor choice of channels.
b) Feedback.
c) Failure to recognize nonverbal signals.
d) Physical distractions.
e) Status effects.

Ans: B
Difficulty: Moderate
Ref: The Communication Process

315. The medium through which a message is conveyed from sender to receiver is called a _____.
a) Nerve center.
b) Newswire.
c) Grapevine.
d) Communication channel.
e) Office network.

Ans: D
Difficulty: Easy
Ref: The Communication Process

316. Jim is the manager of a 250-employee division of a company. He must make sure everyone in his division is informed about policy changes that will affect their insurance and retirement withholding on their paychecks. The best way for Jim to communicate the new policy would be through a(n) _____ communication channel.
a) Oral.
b) Written.
c) Nonverbal.

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d) Oral then written.
e) Nonverbal then oral.

Ans: B
Difficulty: Hard
Ref: The Communication Process

317. Nancy, a plant manager, received a directive from corporate headquarters to examine possible ways for redesigning work processes to improve plant productivity. Knowing this would be a "hot button" issue with plants workers, Nancy needs to communicate this news to them as effectively as possible. Which communication approach should Nancy use?
a) Oral communication.
b) Written communication.
c) Nonverbal communication.
d) Delegate the task to a lower-level manager.
e) Nonverbal then written communication.

Ans: A
Difficulty: Hard
Ref: The Communication Process

318. Becoming effective in written and oral communications _____.
a) Requires skill.
b) Takes practice and hard work.
c) Is essential for managers
d) All of the above.
e) None of the above.

Ans: D
Difficulty: Easy
Ref: The Communication Process

319. Guidelines for making a successful oral presentation include all of the following EXCEPT:
a) Set the right tone.
b) Support the points made in the presentation.
c) Use good visual aids.
d) Check the technology to be used.
e) Wing it, for a more natural delivery.

Ans: E
Difficulty: Moderate
Ref: The Communication Process

320. Guidelines for making a successful oral presentation include all of the following EXCEPT:
a) Be audience centered and make eye contact.
b) Be on time.

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c) Be flashy in dress and gestures.
d) Know what you want to say.
e) Accent the presentation.

Ans: C
Difficulty: Moderate
Ref: The Communication Process

321. _____ takes place through such things as hand movements, body posture, eye contact, and the use of interpersonal space.
a) Mixed messages.
b) Verbal communication.
c) Nonverbal communication.
d) Status effects.
e) Oral communication.

Ans: C
Difficulty: Easy
Ref: The Communication Process

322. A _____occurs when a person's words communicate one message while his/her actions, body language, appearance, or situational use of interpersonal space communicates something else.
a) Physical distraction.
b) Cultural difference.
c) Mixed message.
d) Status effect.
e) Halo effect.

Ans: C
Difficulty: Easy
Ref: The Communication Process

323. A mixed message occurs when _____.
a) A person's words communicate one message while actions, body language, or appearance communicate something else.
b) A person uses both written and oral communication channels at the same time.
c) A person gives the original message in written form and receives the feedback orally.
d) The person sending the message is from a different culture than the person receiving the message.
e) The person sending the message uses two languages.

Ans: E
Difficulty: Moderate
Ref: The Communication Process

324. Telephone interruptions, drop-in visitors, and lack of privacy are examples of _____ that can interfere with the effectiveness of a communication attempt.

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a) Status effects.
b) Physical distractions.
c) Filtering effects.
d) Mixed messages.
e) Channels.

Ans: B
Difficulty: Moderate
Ref: The Communication Process

325. Which of the following statements on physical distractions is incorrect?
a) Physical distractions include phone calls and personal interruptions.
b) Physical distractions create information overload.
c) Physical distractions can be corrected by setting priorities and planning.
d) Physical distractions are a source of noise.
e) Physical distractions seldom interfere with the effectiveness of communication.

Ans: E
Difficulty: Moderate
Ref: The Communication Process

326. Status effects on communication _____.
a) Are fewer in hierarchical organizations where managers and employees know their places.
b) Are seldom serious.
c) Can result in corporate cover-ups.
d) Result from managers listening to employees too much.
e) Reflect the impact of managerial titles.

Ans: C
Difficulty: Easy
Ref: The Communication Process

327. _____ is the intentional distortion of information to make it appear favourable to the recipient.
a) Projection.
b) Stereotyping.
c) Filtering.
d) Ethnocentrism.
e) Selective perception.

Ans: C
Difficulty: Easy
Ref: The Communication Process

328. Fred is a department manager for a firm that develops computer-networking packages. This morning he held a staff meeting with his subordinates to inform them about some design changes. Several of them felt the changes might not work but were somewhat reluctant to bring it up in the meeting. Even though they did bring it up in the

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meeting, they diluted the impact of their objections and concerns. Fred didn't give them much chance anyway when he said, "I've been around here a long time. The changes will work. I don't have time to discuss it. Just make the changes and get on with things." This is a good example of how _____ can become a barrier to effective communication.
a) Nonverbal signals.
b) Semantic problems.
c) Proxemics.
d) Filtering and status effects.
e) Physical distractions.

Ans: D
Difficulty: Hard
Ref: The Communication Process

329. The process of helping the source of a message say what he or she really means is called _____.
a) Managerial communication.
b) Communicating with intent.
c) Reflective communication.
d) Active listening.
e) Listening with an open ear.

Ans: D
Difficulty: Moderate
Ref: Improving Communication

330. Which of the following is NOT a guideline for the active listener?
a) Try to hear exactly what is being said in the message.
b) Try to identify how the speaker feels about the message content.
c) Let the source know that his or her feelings are being recognized.
d) Ignore nonverbal cues.
e) Restate what you think you are hearing.

Ans: D
Difficulty: Moderate
Ref: Improving Communication

331. Feedback _____.
a) Is another name for distortion or noise.
b) Is nonevaluative.
c) Is often effective when used with a threatening edge that demonstrates who is in charge.
d) Produces mixed messages.
e) Is the process of telling other people how you react to something they did or said.

Ans: E
Difficulty: Easy
Ref: Improving Communication

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332. When _____, feedback can be listened to, accepted, and used to good advantage by the receiver.
a) Poorly done.
b) Properly done.
c) Done by team leaders.
d) Done by functional managers.
e) Done by top managers.

Ans: B
Difficulty: Easy
Ref: Improving Communication

333. Which of the following statements correctly identifies elements of constructive feedback?
a) Constructive feedback is based on trust, is general rather than specific, and is limited to what a receiver can handle.
b) Constructive feedback avoids feeling, is given when a receiver is ready to accept it, and is checked with others.
c) Constructive feedback is given with real feeling, is general rather than specific, and is concerned with things a receiver can actually remedy.
d) Constructive feedback is based on trust, is specific rather than general, and is checked with others.
e) Constructive feedback avoids feeling, is specific rather than general, and is concerned with things a receiver can actually remedy.

Ans: D
Difficulty: Hard
Ref: Improving Communication

334. As part of the communication process, _____ refers to the use of space to convey varying intentions in terms of intimacy, openness, and status.
a) Attributions.
b) Mixed messages.
c) Nonverbal behaviours.
d) Proxemics.
e) Perceptual distortions.

Ans: D
Difficulty: Moderate
Ref: Improving Communication

335. Matthew indicates his preference for the use of interpersonal space by placing a chair in front of his desk for clients to sit in when discussing their orders. Matthew's action is a reflection of _____.
a) Projection.
b) Proxemics.
c) Sales management.
d) Manipulative behaviour.
e) Negotiating skill.

Ans: B
Difficulty: Moderate

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Ref: Improving Communication

336. The practice of _____ involves utilizing office or workspace architecture to help facilitate intense communication.
a) Organizational behaviour.
b) Organizational ecology.
c) Organizational development.
d) Organizational design.
e) Job design.

Ans: B
Difficulty: Moderate
Ref: Improving Communication

337. _____ is the capacity of a communication channel to carry information in an effective manner.
a) Channel capacity.
b) Channel richness.
c) Channel effectiveness.
d) Channel carrying capacity.
e) Channel opportunism.

Ans: B
Difficulty: Easy
Ref: Improving Communication

338. Which of the following statements about channel richness is/are correct?
a) Low channel richness is personal, two-way, and slow.
b) High channel richness is impersonal, one-way, and fast.
c) Managers need to understand the limits of a channel and choose wisely in communicating various types of messages.
d) All of the above are correct statements about channel richness.
e) All of the above are incorrect statements about channel richness.

Ans: C
Difficulty: Moderate
Ref: Improving Communication

339. Communication in contemporary organizations relies on the use of _____ such as e-mail, voice mail, instant messaging, teleconferencing, online discussions, videoconferencing, computer-mediated meetings, intranets, and Web portals
a) Media guides.
b) Office tools.
c) Information technology.
d) Postal operations.
e) Film industry techniques.

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Ans: C
Difficulty: Moderate
Ref: Improving Communication

340. Which of the following statements about the electronic grapevine is/are correct?
a) The electronic grapevine speeds messages and information form person to person.
b) The electronic grapevine can be functional when the information is accurate and useful.
c) The electronic grapevine can be dysfunctional when the information is false, distorted, or simply based on rumour.
d) All of the above.
e) None of the above.

Ans: D
Difficulty: Hard
Ref: Improving Communication

341. The best advice regarding e-mail privacy at work is to _____.
a) Find out the employer's policy on personal e-mail and follow it.
b) Not assume that you have e-mail privacy at work.
c) Trust that your employer will notify you if and when your e-mail is being monitored.
d) A and B.
e) A and C.

Ans: D
Difficulty: Easy
Ref: Improving Communication

342. "Management by wandering around" _____.
a) Is a physical manifestation of the chain of command.
b) Is a symbolic act with no clear business purpose.
c) Involves walking around and talking with subordinates about a variety of work-related matters.
d) Reflects the actions of managers who do not have an adequate workload.
e) Is personality oriented rather than work oriented.

Ans: C
Difficulty: Moderate
Ref: Improving Communication

343. Managers and leaders can take several different steps to keep communication channels open. Which of the following is not one of these steps?
a) Management by wandering around.
b) Open office hours.
c) Formal employee group meetings.
d) Employee advisory councils.
e) One-way feedback.

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Ans: E
Difficulty: Hard
Ref: Improving Communication

344. Which of the following is NOT an approach that managers and leaders can take to keep communication channels open?
a) Employee advisory councils.
b) Online discussion forums.
c) Closed-door policy.
d) Communication consultants.
e) Computer-mediated meetings.

Ans: C
Difficulty: Moderate
Ref: Improving Communication

345. Difficulties in communication between people from different cultures may result from the tendency to consider one's own culture as superior to all others. This tendency is known as _____.
a) Impression management.
b) The halo effect.
c) Ethnocentrism.
d) Culture shock.
e) The status effect.

Ans: C
Difficulty: Hard
Ref: Improving Communication

346. Cross-cultural communication skills are important and useful _____.
a) Only in China and Japan.
b) Only in cultures with languages different from one's own.
c) Only in cultures with religions different from one's own.
d) Only in Eastern European nations.
e) At home as well as abroad.

Ans: E
Difficulty: Moderate
Ref: Improving Communication

347. Difficult employees often cause:
a) No challenges within their work group.
b) Disruption within their work group.
c) Managers to reward them for their behaviour.
d) None of the above.

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Ans: B
Difficulty: Moderate
Ref: Improving Communication

348. In regard to management styles:
a) The same style applies to any situation.
b) Different styles apply to different situations.
c) Are overrated and should be ignored.
d) None of the above.

Ans: B
Difficulty: Moderate
Ref: Improving Communication

349. Work life and home life:
a) Often overlap causing problems in both areas.
b) Rarely, if ever, overlap.
c) Never cause problems for managers.
d) All of the above.

Ans: D
Difficulty: Moderate
Ref: Improving Communication

350. Transferring problem workers to another department is:
a) An easy but self-serving solution to a vexing problem.
b) Not done in today's high tech world.
c) A great solution to all the problems of problem employees and is recommended by the American Management Association.
d) None of the above.

Ans: D
Difficulty: Moderate
Ref: Improving Communication

351. Ethnocentrism is defined as:
a) The tendency to consider one's culture inferior to any and all others.
b) The tendency to consider one's culture superior to any and all others.
c) The tendency to consider one's culture the same as any and all others.
d) None of the above.

Ans: B
Difficulty: Moderate
Ref: Improving Communication

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352. Eye movements, touching and body motions are all considered:
a) Verbal communications.
b) Tactile communications.
c) Spatial communications.
d) Non-verbal communications.

Ans: D
Difficulty: Moderate
Ref: Improving Communication

353. Touching is considered to be a major part of non-verbal communications among:
a) Asian cultures.
b) Latino cultures.
c) American culture.
d) Extraterrestrial cultures.

Ans: B
Difficulty: Moderate
Ref: Improving Communication

354. To "get lost in translation" means:
a) The receiver gets an unintended message from the sender due to differences in language and language constructions.
b) The message is misplaced in email transmission.
c) The U. S. Post Office lost it in the mail.
d) The receiver is not paying attention to the transmission.

Ans: A
Difficulty: Hard
Ref: Improving Communication

355. Advertising messages using "catchy" slogans and phrases:
a) Are often misinterpreted when translated into other languages.
b) Always translate the same no matter into what language they are translated.
c) Never should be used in Asian cultures.
d) Should only be used in Romance language cultures.

Ans: A
Difficulty: Moderate
Ref: Improving Communication

356. Body motion gestures are:
a) Safe to use in any culture since they translate the same in all languages.

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b) Are dangerous to use if you are not absolutely certain of their meaning.
c) Should always be used since no one is ever offended by their misinterpretation.
d) None of the above.

Ans: B
Difficulty: Moderate
Ref: Improving Communication

357. Cultural differences are common in:
a) Only verbal communications.
b) Only non-verbal communications.
c) Both verbal and non-verbal communications.
d) None of the above.

Ans: C
Difficulty: Moderate
Ref: Improving Communication

Essay Questions

358. What is leadership? What is power? What is empowerment? How are these concepts interrelated?

Ans: Leadership is the process of inspiring others to work hard to accomplish important tasks. Power is the ability to get someone else to do something you want done or to make things happen the way you want for the good of the group or organization as a whole. Empowerment is the process through which managers enable and help others to gain power and achieve influence within the organization.
Power in organizations is not a "zero-sum" quantity. Power can be expanded through leadership that involves other people. This can be accomplished by doing the following:

- Getting others involved in selecting their work assignments and the methods for accomplishing tasks.
- Creating an environment of cooperation, information sharing, discussion, and shared ownership of goals.
- Encouraging others to take initiative, make decisions, and use their knowledge.
- Finding out what others think and let them help design the solutions when problems arise.
- Staying out of the way; giving others the freedom to put their ideas and solutions into practice.
- Maintaining high morale and confidence by recognizing successes and encouraging high performance.

By empowering others, the leader becomes more influential and better able to exercise leadership.
Difficulty: Easy
Ref: The Nature of Leadership

359. What is leadership style? Explain how concern for task and concern for people are related to leadership style.

Ans: Leadership style refers to the recurring pattern of behaviours exhibited by leader. Research on leadership behaviour has revealed two basic underlying dimensions: (a) concern for the task to be accomplished, and (b) concern for the people doing the work. A leader high in concern for task engages in the following behaviours: plans and defines work to be done, assigns task responsibilities, sets clear work standards, urges task completion, and monitors performance results. A leader high in concern for people engages in the following behaviours: acts warm

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and supportive toward followers, develops social rapport with followers, respects the feelings of followers, is sensitive to followers' needs, and shows trust in followers.
Different combinations of concern for task and concern for people define specific leadership styles. The Blake and Mouton Leadership Grid® provides a convenient way for categorizing different leadership styles in relation to concern for task (or production) and concern for people. The Grid identifies the following styles:

- Team management is the preferred leadership style; it reflects a high concern for both people and production.
- Authority-obedience management reflects a high concern for production and a low concern for people.
- Country club management reflects a high concern for people and a low concern for production.
- Impoverished management reflects a low concern for both production and people.
- Middle-of-road management is non-committal with respect to both production and people concerns.

Difficulty: Moderate
Ref: Leadership Traits and Behaviour

360. Explain emotional intelligence and its components. How would you evaluate your personal competency with respect to the components of emotional intelligence? How might a person's level of emotional intelligence influence his/her effectiveness as a leader?

Ans: Emotional intelligence (EI) is both the ability to understand emotions in one 's self and others and the ability to use that understanding to guide behaviour. There are five components of emotional intelligence in which people should strive to develop competency. The students should evaluate themselves against these components, which are:

- Self-awareness — the ability to understand one's own moods, emotions, and drives, and how they affect others.
- Self-regulation — the ability to think before acting and to control disruptive impulses or moods.
- Motivation — the ability to work for more than money or status, and to work with perseverance and high energy.
- Empathy — the ability to understand the emotions of other people and deal with others according to their emotional states.
- Social skill — the ability to manage relationships, build interpersonal networks, and establish social support.

Technical (or knowledge-based) skills and cognitive (or analytical) skills are threshold or baseline capabilities for leadership. Leadership excellence depends on emotional intelligence in addition to these threshold capabilities. Thus, a person's effectiveness as a leader will be diminished if he/she does not possess sufficient emotional intelligence in addition to technical and cognitive skills.
Difficulty: Hard
Ref: Issues in Leadership Development

361. What is servant leadership and why is it important in the wake of past scandals such as Enron and WorldCom?

Ans: Servant leadership is based on a commitment to serving others, rather than one's own self interests. It strives to encourage others to use their talents to full potential while working together for the organizations that benefit society. In shifting its focus from "self" to others, servant leadership generates empowerment. This is the process through which managers enable and help others gain power and achieve influence within the organization. Servant leaders empower others by providing them with the information, authority, responsibility, and trust to make decisions and act independently.
Difficulty: Easy
Ref: The Nature of Leadership

362. Explain why understanding the communication process and having communication skills are important for managerial success.

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Ans: Understanding the communication process and having communication skills are important for managerial success because a significant portion of managers experience at least some difficulty in dealing with communications and interpersonal relations. The ability to communicate well, both orally and in writing is a critical leadership skill. Communication is essential for establishing and maintaining interpersonal relationships, listening to others, gaining information, handling conflict, negotiating successfully, and leading successfully.
Difficulty: Easy
Ref: The Communication Process

363. What are the fundamental barriers to effective communication?

Ans: The major barriers to effective communication include: a poor choice of channels, poor written or oral expression; failure to recognize nonverbal signals; physical distractions; and status effects. Written channels are acceptable for simple and easy-to-convey messages, for those that require extensive dissemination quickly, and for conveying formal policy or authoritative directives. Oral channels work best for complex and difficult-to-convey messages. Oral channels also work well where immediate feedback to the sender is valuable. Finally, oral channels can create a supportive — even inspirational — emotional climate. Communication — either written or oral — will be effective only to the extent that the sender expresses a message in a way that can be clearly understood by the receiver. In nonverbal communication, a mixed message occurs when a person's words communicate one message while his/her actions, body language, appearance, or situational use of interpersonal space communicate something else. Physical distractions such as interruptions from telephone calls, drop-in visitors, a lack of privacy, etc. can interfere with the effectiveness of a communication attempt. Status effects involve noise that occurs when an organization's hierarchy of authority creates a barrier to effective communications.
Difficulty: Moderate
Ref: The Communication Process

364. Discuss the similarities and differences in any two of the following leadership models: the Fiedler, Hersey-Blanchard, House, and Vroom-Jago contingency models of leadership. What guidance does each contingency model provide for leaders?

Ans: Fiedler's contingency model is based on the premise that leadership success depends on a match between leadership style and situational demands. Fiedler argues that leadership style is part of one's personality, and is therefore enduring and relatively difficult to change. Consequently, leadership style — task motivated or relationship motivated — must be fit to the situation. The amount of situational control — as indicated by the quality of leader-member relations (good or poor), the degree of task structure (high or low), and the amount of position power (strong or weak) — is crucial to determining the correct style-situation fit. Fiedler's theory proposes that a task-oriented leader will be most successful in either very favourable (high control) or very unfavourable (low control) situations, whereas a relationship-oriented leader will be most successful in situations of moderate control.
The Hersey-Blanchard situational model suggests that successful leaders adjust their styles depending on the readiness of followers to perform in a given situation. Readiness refers to how able, willing, and confident followers are in performing required tasks. According to this model, there are four possible leadership styles that result from different combinations of task-oriented (i.e., guidance required) and relationship-oriented (i.e., support required) behaviours. These alternative leadership styles are:

- Delegating: Allowing the group to make task decisions and take responsibility for them; a low-task, low-relationship style. This style works best in high-readiness situations.
- Participating: Emphasizing shared ideas and participative decisions on task directions; a low-task, high-relationship style. This style works best in low- to moderate-readiness situations.
- Selling: Explaining task directions in a supportive and persuasive way; a high-task, high-relationship style. This style works best in moderate- to high-readiness situations.

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- Telling: Giving specific task directions and closely supervising work; a high-task, low-relationship style. This style works best in low-readiness situations.

Hershey and Blanchard believe the leader's style can and should be changed as followers mature over time. If the correct leadership styles are used in lower readiness situations, followers will "mature" and grow in ability, willingness and confidence.

According to House's path-goal theory, effective leaders: clarify the paths through which followers can achieve both task-related and personal goals, help people progress along these paths, remove barriers to goal accomplishment, and provide appropriate rewards for task accomplishment. Four leadership styles are used in dealing with path-goal relationships. These four leadership styles are:

- Directive leadership: Letting subordinates know what's expected; giving directions on what to do and how; scheduling work to be done; maintaining definite standards of performance; and clarifying the leader's role in the group.
- Supportive leadership: Doing things to make the work pleasant; treating group members as equals; being friendly and approachable; and showing concern for the well-being of subordinates.
- Achievement-oriented leadership: Setting challenging goals; expecting the highest levels of performance; emphasizing continuous improvement in performance; and displaying confidence in meeting high standards.
- Participative leadership: Involving subordinates in decision making; consulting with subordinates; asking for suggestions from subordinates; using subordinates' suggestions when making decisions.

The path-goal model advises managers to always use leadership styles that complement situational needs. An effective leader contributes things that are not already present (i.e., he/she avoids being redundant).

The Vroom-Jago leader-participation model helps a leader choose the method of decision making that best fits the nature of the problem situation. An effective leader is able to consistently choose and implement the decision-making alternative that is most appropriate for the situation. These decision-making options are as follows:

- Decide alone: The manager decides how to solve the problem and communicates the decision to the group.
- Consult individually: The manager makes the decision after sharing the problem and consulting individually with group members to get their suggestions.
- Consult with group: The manager makes the decision after convening the group, sharing the problem, and consulting with everyone to get their suggestions.
- Facilitate: The manager convenes the group, shares the problem, and then facilitates group discussion to make a decision.
- Delegate: The manager convenes the group and delegates to group members the authority to define the problem and make a decision.

A leader should use more authority-oriented decision methods when he or she has sufficient information and expertise, acceptance of the decision by others is not critical for implementation, and there is not adequate time for true participation. A leader should use more group-oriented and participative decision methods when the followers have the information and expertise that the leader lacks, acceptance of the decision by others is critical for implementation, and adequate time is available for true participation. Using the participative decision method helps to improve decision quality and decision acceptance and assists in developing leadership potential in other people. However, it takes more time.

Difficulty: Hard

Ref: Contingency Approaches to Leadership

365. Why is moral leadership important? What can people do to improve their capabilities to provide moral leadership?

Ans: An organization without moral leadership is an organization adrift in the tumultuous sea of global competition and rapid change. Moral leadership provides consistent direction regarding decisions and actions that are fair and just for the organization and all of its stakeholders. An important element of moral leadership is integrity — the leader's honesty, credibility, and consistency in putting values into action.

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People can improve their capacity for moral leadership by ensuring that their actions and personal examples set high ethical standards for others to follow. Those in leadership roles should also recognize that they have a moral obligation to supply the necessary spark to awaken the potential of each individual to take the initiative in performing leader-like acts. Finally, moral leaders instil a sense of ownership in followers by being truly respectful of others and helping them to do their best.
Difficulty: Moderate
Ref: Issues in Leadership Development

366. Explain how active listening and constructive feedback skills can help people to become more effective members of teams.

Ans: To be effective team members, people must be able to interact with other individuals in a constructive fashion. Team members must be able to address problems and deficiencies within the team as well as be able to capitalize on the willingness and abilities of the team members to collectively pursue their tasks. The potential for dealing effectively with both the "positive" and the "negative" aspects of interpersonal relations is enhanced through team members' development of their skills at listening actively and providing constructive feedback.
Difficulty: Moderate

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Ref: Improving Communication

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Chapter 12: Individual Behaviour

True/False

1. Too many people today work under conditions that fail to provide them with motivation, self-respect, and satisfaction.

Ans: True
Difficulty: Easy
Ref: Introduction

2. Scholar and consultant Ram Charan believes that ambition is one of the personal traits that separates "people who perform from those who don't."

Ans: True
Difficulty: Easy
Ref: Learning About Yourself

3. According to scholar and consultant Ram Charan traits like ambition are personal differentiators separating successful people from unsuccessful people.

Ans: True
Difficulty: Easy
Ref: Learning About Yourself

4. The downside of high ambition is sacrificing right actions for wrong actions.

Ans: True
Difficulty: Easy
Ref: Learning About Yourself

5. When the work experience is designed well, people can achieve high performance results and experience a high quality of work life.

Ans: True
Difficulty: Moderate
Ref: Introduction

6. Typical withdrawal behaviours are low absenteeism, low employee turnover, and high job engagement.

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Ans: False
Difficulty: Moderate
Ref: Introduction

7. The process through which people receive, organize, and interpret information from their environment is called impression management.

Ans: False
Difficulty: Moderate
Ref: Perception

8. The process through which people receive, organize, and interpret information from their environment is called perception.

Ans: True
Difficulty: Easy
Ref: Perception

9. Perception acts as a filter through which information must pass in interpersonal communication.

Ans: True
Difficulty: Easy
Ref: Perception

10. Individual perceptions are influenced by values, cultural backgrounds, and personal and situational circumstances.

Ans: True
Difficulty: Easy
Ref: Perception

11. A psychological contract is a set of expectations held by an individual about what will be given and received in the employment relationship.

Ans: True
Difficulty: Easy
Ref: Perception

12. Contributions, provided by the individual in the psychological contract, include effort, time, creativity, loyalty, and commitment.

Ans: True

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Difficulty: Easy
Ref: Perception

13. The ideal work situation is one in which the exchange of values in the psychological contract favours the employee.

Ans: False
Difficulty: Moderate
Ref: Perception

14. The idea of a psychological contract between an individual and an organization suggests that the individual makes contributions in exchange for inducements.

Ans: True
Difficulty: Easy
Ref: Perception

15. The process of developing causal explanations for things that happen to people is called attribution.

Ans: True
Difficulty: Easy
Ref: Perception

16. Two different people cannot perceive things differently.

Ans: False
Difficulty: Easy
Ref: Perception

17. Attribution theory describes how people try to explain the behaviour of themselves and other people.

Ans: True
Difficulty: Easy
Ref: Perception

18. A supervisor who attributes a worker's low productivity on laziness when the worker is using a machine that breaks down frequently is an example of self-serving bias.

Ans: False
Difficulty: Moderate
Ref: Perception

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19. The self-serving bias and the fundamental attribution error provide explanations of the factors that people use in explaining their own and others' behaviour.

Ans: True
Difficulty: Easy
Ref: Perception

20. Attribution error occurs when a person overestimates internal factors and underestimates external factors as influences on his or her behaviour.

Ans: True
Difficulty: Easy
Ref: Perception

21. Common stereotypes in the workplace include racial and ethnic stereotypes, gender stereotypes, ability stereotypes, and age stereotypes.

Ans: True
Difficulty: Easy
Ref: Perception

22. One common result of stereotyping in the workplace is the glass ceiling effect.

Ans: True
Difficulty: Easy
Ref: Perception

23. Assuming women lack the ability to work abroad is an example of a gender stereotype.

Ans: True
Difficulty: Moderate
Ref: Perception

24. Stereotyping occurs when attributes commonly associated with a group are assigned to an individual.

Ans: True
Difficulty: Easy
Ref: Perception

25. Assigning one's personal attributes to another individual is an instance of the halo effect.

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Ans: False
Difficulty: Moderate
Ref: Perception

26. A halo effect occurs when one attribute is used to develop an overall impression of a person or situation.

Ans: True
Difficulty: Easy
Ref: Perception

27. Identifying an individual with a group or category and using oversimplified attributes of the category or group to describe the individual is the perceptual distortion mechanism of selective perception.

Ans: False
Difficulty: Moderate
Ref: Perception

28. Selective perception is the tendency to define problems from one's own point of view.

Ans: True
Difficulty: Easy
Ref: Perception

29. Selective perception rarely interferes with a manager's view of situations or individuals.

Ans: False
Difficulty: Moderate
Ref: Perception

30. Projection is the assignment of personal attributes to other individuals.

Ans: True
Difficulty: Easy
Ref: Perception

31. Singling out for attention those aspects of a situation or attributes of a person that reinforce or are consistent with one's beliefs, values, or needs is termed projection.

Ans: False
Difficulty: Moderate
Ref: Perception

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32. Projection errors can be controlled through self-awareness and a willingness to communicate and empathize with others.

Ans: True
Difficulty: Moderate
Ref: Perception

33. The systematic attempt to influence how others perceive us is impression management.

Ans: True
Difficulty: Easy
Ref: Perception

34. Some basic impression management tactics include making eye contact and smiling while engaged in conversation, knowing when to "dress up" and when to "dress down," and displaying a high level of energy.

Ans: True
Difficulty: Easy
Ref: Perception

35. Impression management is often considered "phony" and can do very little to help further one's career or create a positive image of self.

Ans: False
Difficulty: Hard
Ref: Perception

36. A manager who considers the jobs performed by the members of her department to be dull and considers changing their responsibilities to be more interesting and challenging is an example of projection.

Ans: True
Difficulty: Moderate
Ref: Perception

37. Wearing a pin striped business suit to an interview with IBM is an example of impression management.

Ans: True
Difficulty: Moderate
Ref: Perception

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38. Personality refers to the combination or overall profile of characteristics that make one person unique from every other.

Ans: True
Difficulty: Easy
Ref: Personality

39. Agreeableness is one of the "Big Five" personality traits that reflects the degree to which someone is outgoing, sociable, and assertive.

Ans: False
Difficulty: Moderate
Ref: Personality

40. An introvert is comfortable and confident in interpersonal relationships and an extrovert is more withdrawn and reserved in interpersonal relationships.

Ans: False
Difficulty: Moderate
Ref: Personality

41. Extroversion is one of the "Big Five" personality traits that reflects the degree to which someone is outgoing, sociable, and assertive.

Ans: True
Difficulty: Easy
Ref: Personality

42. Conscientiousness is one of the "Big Five" personality traits that reflects the degree to which someone is responsible, dependable, and careful.

Ans: True
Difficulty: Easy
Ref: Personality

43. A conscientious person focuses on what can be accomplished and meets commitments; a person lacking conscientiousness is careless, often trying to do too much and failing, or doing little.

Ans: True
Difficulty: Easy
Ref: Personality

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44. Emotional stability is one of the "Big Five" personality traits that reflects the degree to which someone is relaxed, secure, and unworried.

Ans: True
Difficulty: Easy
Ref: Personality

45. An open person is broad-minded, receptive to new things, and open to change; a person lacking openness is narrow-minded, has few interests, and is resistant to change.

Ans: True
Difficulty: Easy
Ref: Personality

46. Managers must be able to understand and respond to personality differences when building teams but not when making job assignments and engaging in daily work activities.

Ans: False
Difficulty: Hard
Ref: Personality

47. Authoritarianism is a personality characteristic that refers to the degree to which a person defers to authority and accepts status differences.

Ans: True
Difficulty: Easy
Ref: Personality

48. Conscientiousness has been found to be a strong predictor of job performance.

Ans: True
Difficulty: Moderate
Ref: Personality

49. Personality tests not specifically designed for hiring decisions may result in lawsuits for bias or discrimination.

Ans: True
Difficulty: Moderate
Ref: Personality

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50. The extent to which one believes that what happens is within one's control is called locus of control.

Ans: True
Difficulty: Easy
Ref: Personality

51. "Internals" are prone to blame others and outside forces for what happens to them.

Ans: False
Difficulty: Easy
Ref: Personality

52. A person with an ENFP Myers-Briggs profile would be extroverted, focused on the big picture, uses emotions when dealing with problems, and acts with flexibility and spontaneity.

Ans: True
Difficulty: Hard
Ref: Personality

53. Individuals with an external locus of control accept responsibility for their own actions, whereas individuals with an internal locus of control blame others and outside forces for what happen to them.

Ans: True
Difficulty: Easy
Ref: Personality

54. Machiavellianism describes the extent to which someone is emotionally detached and manipulative in using power.

Ans: True
Difficulty: Easy
Ref: Personality

55. Self-monitoring is the extent to which people believe they are in control of their destinies versus believing that that what happens to them is beyond their control.

Ans: False
Difficulty: Moderate
Ref: Personality

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56. People with an authoritarian personality are control-oriented in leadership positions and subservient as followers.

Ans: True
Difficulty: Easy
Ref: Personality

57. The "low-mach" personality is exploitative and unconcerned about others, whereas the "high-mach" personality is deferential in allowing power to be exerted over him/her.

Ans: False
Difficulty: Moderate
Ref: Personality

58. Self-monitoring reflects the degree to which someone is able to adjust and modify behaviour in response to the situation and external factors.

Ans: True
Difficulty: Easy
Ref: Personality

59. A low self-monitor tends to be a learner, comfortable with feedback, and both willing and able to change.

Ans: False
Difficulty: Moderate
Ref: Personality

60. An attitude is a predisposition to act in a certain way toward people and things in one's environment.

Ans: True
Difficulty: Easy
Ref: Attitudes

61. The cognitive component of an attitude reflects a belief or opinion.

Ans: True
Difficulty: Easy
Ref: Attitudes

62. The affective component of an attitude reflects a specific feeling.

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Ans: True
Difficulty: Easy
Ref: Attitudes

63. The behavioural component of an attitude reflects an intention to behave consistently with a specific belief and feeling.

Ans: True
Difficulty: Easy
Ref: Attitudes

64. Cognitive dissonance describes the discomfort a person feels when attitudes and behaviour are inconsistent.

Ans: True
Difficulty: Easy
Ref: Attitudes

65. The discomfort felt when one's attitude and behaviour are inconsistent is called cognitive dissonance.

Ans: True
Difficulty: Moderate
Ref: Attitudes

66. Behavioural discontent describes the discomfort a person feels when attitudes and behaviour are inconsistent.

Ans: False
Difficulty: Moderate
Ref: Attitudes

67. Job satisfaction is the degree to which an individual feels positively or negatively about various aspects of work.

Ans: True
Difficulty: Easy
Ref: Attitudes

68. Job satisfaction is closely related to job involvement and organizational commitment.

Ans: True
Difficulty: Easy
Ref: Attitudes

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69. Job involvement and organizational commitment have few, if any, quality of work life implications.

Ans: False
Difficulty: Moderate
Ref: Attitudes

70. Organizational commitment refers to the extent to which an individual is dedicated to a job.

Ans: False
Difficulty: Moderate
Ref: Attitudes

71. When people go above and beyond their normal job requirements, they are exhibiting organizational citizenship behaviours.

Ans: True
Difficulty: Easy
Ref: Attitudes

72. In reality it is possible for a worker to like their job and be very satisfied but still not perform at a high level.

Ans: True
Difficulty: Moderate
Ref: Attitudes

73. The opportunity to do one's best every day, believe that one's opinions count, believe that fellow workers are committed to quality, and believe there is a direct connection between one's work and the company's mission are attitudes that are positively correlated with higher profits for the company.

Ans: True
Difficulty: Hard
Ref: Attitudes

74. Common aspects of job satisfaction include satisfaction with pay, tasks, the work setting, advancement opportunities, supervision, and coworkers.

Ans: True
Difficulty: Easy
Ref: Attitudes

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75. Workers who are more satisfied with their jobs are absent less frequently.

Ans: True
Difficulty: Easy
Ref: Attitudes

76. Job performance refers to the quantity and quality of tasks accomplished by an individual or group at work.

Ans: True
Difficulty: Easy
Ref: Attitudes

77. Job performance is the "bottom line" for people at work, and the cornerstone for overall organizational productivity.

Ans: True
Difficulty: Easy
Ref: Attitudes

78. Job performance is achieved through individual tradeoffs with job satisfaction.

Ans: False
Difficulty: Hard
Ref: Attitudes

79. If high performance is to be achieved in any work setting, the individual contributor must possess the right abilities, work hard at the task, and have the necessary support.

Ans: True
Difficulty: Moderate
Ref: Attitudes

80. Even the most capable, well-supported workers won't achieve the highest performance levels unless they are willing to work hard.

Ans: True
Difficulty: Moderate
Ref: Attitudes

81. Research shows that it is highly likely that job satisfaction and job performance influence one another.

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Ans: True
Difficulty: Moderate
Ref: Attitudes

82. "Going the extra mile" in one's work is a phrase that illustrates the concept of organizational citizenship.

Ans: True
Difficulty: Moderate
Ref: Attitudes

83. Emotions are strong feelings directed toward someone or something.

Ans: True
Difficulty: Easy
Ref: Emotions, Moods, and Stress

84. Moods are generalized positive and negative feelings or states of mind.

Ans: True
Difficulty: Easy
Ref: Emotions, Moods, and Stress

85. Emotional intelligence is an ability to understand emotions and manage relationships effectively.

Ans: True
Difficulty: Easy
Ref: Emotions, Moods, and Stress

86. Emotional intelligence allows us to avoid having emotions "get the better of us."

Ans: True
Difficulty: Easy
Ref: Emotions, Moods, and Stress

87. A manager who "flies off the handle" and routinely screams at the top of her lungs at workers is exhibiting a high level of positive emotional intelligence.

Ans: False
Difficulty: Moderate
Ref: Emotions, Moods, and Stress

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88. Moods are usually short-term and clearly targeted.

Ans: False
Difficulty: Moderate
Ref: Emotions, Moods, and Stress

89. Positive emotions of leaders can be "contagious" resulting in more positive moods in followers.

Ans: True
Difficulty: Moderate
Ref: Emotions, Moods, and Stress

90. An instructor always comes into the classroom in a cheerful mood with a smile on his face and says "good morning" in a friendly way to his students. As a result, students rarely miss his class and have a very positive attitude toward classes and the school in general. This is an example of mood contagion.

Ans: True
Difficulty: Moderate
Ref: Emotions, Moods, and Stress

91. The state of tension experienced by people who face extraordinary demands, constraints, or opportunities is called stress.

Ans: True
Difficulty: Easy
Ref: Emotions, Moods, and Stress

92. Stressors are things that cause stress and originate in work, personal, and nonwork situations.

Ans: True
Difficulty: Easy
Ref: Emotions, Moods, and Stress

93. Work factors that can cause stress include excessively high or low task demands, role conflicts or ambiguities, poor interpersonal relations, and career progress that is too slow or too fast.

Ans: True
Difficulty: Easy
Ref: Emotions, Moods, and Stress

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94. Mistaken identity is the work-related stress syndrome where performance expectations are impossible or the support is totally inadequate to the task.

Ans: False
Difficulty: Moderate
Ref: Emotions, Moods, and Stress

95. Set up to fail is the work-related stress syndrome where the individual ends up in a job that doesn't match his/her talents or that he/she doesn't like.

Ans: False
Difficulty: Moderate
Ref: Emotions, Moods, and Stress

96. Family events, personal economics, and personal affairs are non-work factors that may influence the stress an individual experiences at work.

Ans: True
Difficulty: Easy
Ref: Emotions, Moods, and Stress

97. Getting married is a stressor.

Ans: True
Difficulty: Moderate
Ref: Emotions, Moods, and Stress

98. Constructive stress acts in a positive way to increase effort, stimulate creativity, and encourage diligence in one's work.

Ans: True
Difficulty: Easy
Ref: Emotions, Moods, and Stress

99. Destructive stress impairs the performance of an individual and is dysfunctional for the individual and/or the organization.

Ans: True
Difficulty: Easy
Ref: Emotions, Moods, and Stress

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100. A form of physical and mental exhaustion that can be incapacitating, both personally and with respect to one's work, is workplace rage.

Ans: False
Difficulty: Easy
Ref: Emotions, Moods, and Stress

101. A form of physical and mental exhaustion that can be incapacitating, both personally and with respect to one's work, is job burnout.

Ans: True
Difficulty: Easy
Ref: Emotions, Moods, and Stress

102. Excessively high or destructive stress in the workplace can lead to reduced performance, absenteeism, errors, and accidents.

Ans: True
Difficulty: Easy
Ref: Emotions, Moods, and Stress

103. Workplace rage is overtly aggressive behaviour toward co-workers and the work setting in general.

Ans: True
Difficulty: Easy
Ref: Emotions, Moods, and Stress

104. In the spillover effect, one partner's work experiences can have psychological consequences for the other partner as one's work stress increases.

Ans: True
Difficulty: Moderate
Ref: Emotions, Moods, and Stress

105. Poor health due to workplace stress may cause employees to reduce their contribution to the organization.

Ans: True
Difficulty: Moderate
Ref: Emotions, Moods, and Stress

106. The work factors that have the greatest potential to cause excessive stress include role conflicts role ambiguities, and role overloads.

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Ans: True
Difficulty: Moderate
Ref: Emotions, Moods, and Stress

107. Personal wellness is a stress management strategy that includes taking individual responsibility for maintaining one's health through a disciplined approach to such things as smoking, alcohol or drug use, maintaining a nutritious diet, and engaging in a regular exercise and physical fitness program.

Ans: True
Difficulty: Easy
Ref: Emotions, Moods, and Stress

108. Personal wellness is an important fringe benefit in nearly all companies.

Ans: False
Difficulty: Moderate
Ref: Emotions, Moods, and Stress

109. People who aggressively maintain personal wellness are better prepared to deal with the inevitable stresses of work and work-life conflicts.

Ans: True
Difficulty: Easy
Ref: Emotions, Moods, and Stress

Multiple-Choice

110. The personal trait that separates "people who perform from people who don't" is:
a) Personality
b) Ambition
c) Cognitive Dissonance
d) Stress

Ans: B
Difficulty: Easy
Ref: Learning About Yourself

111. You have heard the term "blinded by ambition." This means:
a) Sacrificing substance for superficiality
b) Sacrificing right for wrong
c) Believing the ends justify the means

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d) All of the above

Ans: D
Difficulty: Hard
Ref: Learning About Yourself

112. The process through which people receive, organize, and interpret information from their environment is called _____.
a) Communication.
b) Perception.
c) Cognition.
d) Active listening.
e) Impression management.

Ans: B
Difficulty: Easy
Ref: Perception

113. Karen Nussbaum is the founder of the organization called 9 to 5. She founded her company, which helps women improve their salaries and promotional opportunities, because of a comment made by a student who came into her office at lunchtime when she was a secretary at Harvard University. The comment was "Isn't anybody here?" Why did this comment affect her so deeply?
a) She wanted to get back at the student for not recognizing she was there
b) She was committed to "remake the system so that is does not produce these individuals."
c) She was tired of answering students' questions
d) She was ready for a change

Ans: B
Difficulty: Hard
Ref: Introduction

114. A(n) _____ is a set of expectations held by an individual about what will be given and received in the employment relationship.
a) Work rubric.
b) Employment contract.
c) Psychological contract.
d) Exchange agreement.
e) Employment norm.

Ans: C
Difficulty: Easy
Ref: Perception

115. The ideal work situation is one in which the exchange of values in the psychological contract _____.
a) is fair.
b) favours the individual.

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c) favours the organization.
d) is negative
e) is none of the above

Ans: A
Difficulty: Easy
Ref: Perception

116. The idea of a psychological contract between an individual and an organization suggests that the individual _____ in exchange for _____.
a) Makes commitments ... power.
b) Makes contributions ... inducements.
c) Provides performance ... contributions.
d) Offers inputs ... outputs.
e) Makes sacrifices ... money.

Ans: B
Difficulty: Hard
Ref: Perception

117. In the psychological contract, contributions are _____.
a) Offered to the organization by the individual.
b) Offered to the individual by the organization.
c) Exchanged mutually by the organization and the individual.
d) The monetary or economic incentives provided by the organization
e) The organization's requirement that employees support charitable causes.

Ans: A
Difficulty: Easy
Ref: Perception

118. Contributions, provided by the individual in the psychological contract, include _____.
a) Effort, time, creativity, loyalty, and commitment.
b) Things that make the individual a desirable resource.
c) Valued work activities.
d) All of the above.
e) None of the above.

Ans: D

Difficulty: Easy
Ref: Perception

119. In the psychological contract, inducements _____.
a) Are offered to the organization by the individual.
b) Are offered to the individual by the organization.

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c) Are exchanged mutually by organization and the individual.
d) Represent individual psychological factors.
e) Apply only to managers, not to non-supervisory employees.

Ans: B
Difficulty: Easy
Ref: Perception

120. When an observer blames another person's performance failures or problems more on internal factors relating to the individual than on external factors relating to the environment, the observer is _____.
a) Making a fundamental attribution error.
b) Promoting a self-serving bias.
c) Doing a legitimate performance appraisal.
d) All of the above.
e) None of the above.

Ans: A
Difficulty: Moderate
Ref: Perception

121. Which of the following items does NOT accurately characterize attribution?
a) People try to explain what they observe and what happens to them.
b) The process of developing causal explanations for things that happen to people is called attribution.
c) The self-serving bias and the fundamental attribution error provide explanations of the factors that people use in explaining their own and others' behaviour.
d) Attributions can have a profound effect in work settings.
e) People tend to perceive the same things in the same way.

Ans: E
Difficulty: Hard
Ref: Perception

122. When an individual blames his/her personal failures or problems on external causes and attributes his/her successes to internal causes, the individual is _____.
a) Using the halo effect.
b) Perceiving things accurately.
c) Relying on the self-serving bias.
d) Engaging in selective perception.
e) Doing a proper performance analysis.

Ans: C
Difficulty: Hard
Ref: Perception

123. Perceptual distortions include all of the following EXCEPT:
a) Halo effects.

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b) Stereotyping.
c) Perceptual selectivity.
d) Paranoia.
e) Projection.

Ans: D
Difficulty: Moderate
Ref: Perception

124. Identifying an individual with a group or category and using oversimplified attributes of the group or category to describe the individual is the perceptual distortion mechanism of _____.
a) Stereotyping.
b) The halo effect.
c) Selective perception.
d) A neurological disorder.
e) Projection.

Ans: A
Difficulty: Moderate
Ref: Perception

125. An individual born between the mid 1980's and the mid 1990's is part of the:
a) Baby Boom generation
b) The Greatest generation
c) Generation Z
d) The Millennial generation

Ans: D
Difficulty: Easy
Ref: Perception

126. Millennial generation individuals are stereotyped as:
a) Hard workers requiring little attention and few rewards
b) Extremely competitive expecting rewards only for top notch individual performance
c) Spoiled and selfish who expect much personal attention and rewards.
d) Extremely company oriented with little regard for personal free time

Ans: C
Difficulty: Moderate
Ref: Perception

127. Millennial generation individuals were raised by parents who could be characterized as:
a) Harsh
b) Doting
c) Indifferent to the needs of their children
d) Brutal in their teaching of high competition begets high rewards

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Ans: B
Difficulty: Moderate
Ref: Perception

128. Which of the following lists would most accurately describe a Millennial's job preference?
a) Little meaningful work, socially unresponsive employers, rigid work schedules
b) Meaningful work, socially responsible employers, clear goals, personal attention
c) Unclear goals, aloof and non-supportive managers, low tech environment
d) All of the above
e) None of the above

Ans: B
Difficulty: Moderate
Ref: Perception

129. Millennial generation individuals are said to be:
a) Self-centered and selfish
b) Altruistic and socially involved
c) Much like the Greatest generation in regard to work ethic
d) None of the above

Ans: A
Difficulty: Hard
Ref: Perception

130. A man has lunch with his boss (also a man) and is considered to be on his way up in the organization. A woman has lunch with her boss (a man) and is thought to be having an affair. This is an example of _____.
a) gender stereotyping.
b) selective perception.
c) impression management.
d) projection.
e) the halo effect.

Ans: A
Difficulty: Moderate
Ref: Perception

131. Two recent graduates with computer science degrees applied for a job in computer programming. Both had similar qualifications and had received awards for academic excellence at their respective universities. One of the applicants was deaf. The hiring manager decided to not offer the job to the deaf person because of concerns about how he would perform. What type of stereotyping has affected the manager's perceptions?
a) Racial stereotyping.
b) Ethnic stereotyping.
c) Gender stereotyping.
d) Ability stereotyping.

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e) Age stereotyping.

Ans: D
Difficulty: Hard
Ref: Perception

132. Suppose that a manager assumes older workers cannot perform well in important and challenging jobs because, in her opinion, they lack creativity and are risk averse. Which stereotype is this manager using?
a) Racial stereotype.
b) Ethnic stereotype.
c) Gender stereotype.
d) Ability stereotype.
e) Age stereotypes.

Ans: E
Difficulty: Moderate
Ref: Perception

133. Using a single attribute to develop an overall impression of a person or situation is called _____.
a) Stereotyping.
b) The halo effect.
c) Selective perception.
d) Impression management.
e) Projection.

Ans: B
Difficulty: Easy
Ref: Perception

134. Your boss is a very effective public speaker. You assume that she is also skilled at written communication. This is an example of _____.
a) Projection.
b) Stereotyping.
c) Selective perception.
d) The halo effect.
e) Ingratiation.

Ans: D
Difficulty: Moderate
Ref: Perception

135. Singling out for attention those aspects of a situation or attributes of a person that reinforce or are consistent with one's beliefs, values, or needs is termed _____.
a) Stereotyping.
b) The halo effect.
c) Selective perception.

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d) Impression management
e) Projection.

Ans: C
Difficulty: Easy
Ref: Perception

136. Suppose that a task force is addressing a rather ambiguous problem. A representative from the marketing department views it clearly as a marketing problem and a representative from the manufacturing department views it clearly as a manufacturing problem. In this case, the chair of the task force must be careful to avoid biased decision making caused by _____.
a) Stereotypes.
b) The halo effect.
c) Selective perception.
d) Projection.
e) Mixed messages.

Ans: C
Difficulty: Moderate
Ref: Perception

137. Suppose that a manager begins a program of job enrichment because she enjoys responsibility and challenges and assumes that her employees do also. This manager is practicing _____.
a) Stereotyping.
b) Projection.
c) The halo effect.
d) Networking.
e) Selective perception.

Ans: B
Difficulty: Moderate
Ref: Perception

138. The systematic attempt to influence how others perceive us is called:
a) Halo effect
b) Stereotyping.
c) Selective perception
d) Projection
e) Impression management

Ans: E
Difficulty: Easy
Ref: Perception

139. All of the following are basic tactics of impression management EXCEPT:
a) Making eye contact

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b) Smiling while engaged in conversation
c) Knowing when to "dress up" and when to "dress down"
d) Assigning personal attributes to other individuals.
e) Displaying a high level of energy

Ans: D
Difficulty: Moderate
Ref: Perception

140. _____ refer(s) to the combination or overall profile of characteristics that make one person unique from every other.
a) Attitudes.
b) Personality.
c) Perception.
d) Attributions.
e) Cognitive dissonance.

Ans: B
Difficulty: Easy
Ref: Personality

141. _____ is one of the "Big Five" personality traits that reflects the degree to which someone is outgoing, sociable, and assertive.
a) Extroversion.
b) Agreeableness.
c) Conscientiousness.
d) Emotional stability.
e) Openness.

Ans: A
Difficulty: Easy
Ref: Personality

142. Which of the following statements about the personality trait of extroversion is/are accurate?
a) Extroversion is the degree to which someone is outgoing, sociable, and assertive.
b) An introvert is comfortable and confident in interpersonal relationships.
c) An extrovert is more withdrawn and reserved in interpersonal relationships.
d) A and B.
e) A and C.

Ans: A
Difficulty: Hard
Ref: Personality

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143. _____ is one of the "Big Five" personality traits that reflects the degree to which someone is good-natured, cooperative, and trusting.
a) Extroversion.
b) Agreeableness.
c) Conscientiousness.
d) Emotional stability.
e) Openness.

Ans: B

Difficulty: Easy
Ref: Personality

144. _____ is one of the "Big Five" personality traits that reflects the degree to which someone is responsible, dependable, and careful.
a) Extroversion.
b) Agreeableness.
c) Conscientiousness.
d) Emotional stability.
e) Openness.

Ans: C
Difficulty: Easy
Ref: Personality

145. Which of the following statements about the personality trait of conscientiousness is/are accurate?
a) Conscientiousness is the degree to which someone is responsible, dependable, and careful.
b) A conscientious person focuses on what can be accomplished and meets commitments.
c) A person lacking conscientiousness is careless, often trying to do too much and failing, or doing little.
d) A and B.
e) A, B, and C.

Ans: E
Difficulty: Hard
Ref: Personality

146. _____ is one of the "Big Five" personality traits that reflects the degree to which someone is relaxed, secure, and unworried.
a) Extroversion.
b) Agreeableness.
c) Conscientiousness.
d) Emotional stability.
e) Openness.

Ans: D
Difficulty: Easy
Ref: Personality

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147. Which of the following statements about the personality trait of emotional stability is/are accurate?
a) Emotional stability is the degree to which someone is relaxed, secure, and unworried.
b) An emotionally unstable person is calm and confident.
c) An emotionally stable person is anxious, nervous, and tense.
d) B and C.
e) A, B, and C.

Ans: A
Difficulty: Moderate
Ref: Personality

148. _____ is one of the "Big Five" personality traits that reflects the degree to which someone is curious, open to new ideas, and unworried.
a) Extroversion.
b) Agreeableness.
c) Conscientiousness.
d) Emotional stability.
e) Openness.

Ans: E
Difficulty: Easy
Ref: Personality

149. Managers must be able to understand and respond to personality differences when _____.
a) Making job assignments.
b) Building teams.
c) Engaging in daily work activities.
d) A and C.
e) A, B, and C.

Ans: E
Difficulty: Moderate
Ref: Personality

150. _____ is the extent to which people believe they are in control of their destinies versus believing that that what happens to them is beyond their control.
a) Locus of control.
b) Authoritarianism.
c) Machiavellianism.
d) Problem-solving style.
e) Self-monitoring.

Ans: A
Difficulty: Easy

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Ref: Personality

151. _____ is the degree to which a person defers to authority and accepts status differences.
a) Locus of control.
b) Authoritarianism.
c) Machiavellianism.
d) Problem-solving style.
e) Self-monitoring.

Ans: B
Difficulty: Easy
Ref: Personality

152. People with _____ are control-oriented in leadership positions and subservient as followers.
a) An external locus of control.
b) A Machiavellian personality.
c) An authoritarian personality
d) Sensation-thinker problem-solving style.
e) A high self-monitoring personality.

Ans: C
Difficulty: Easy
Ref: Personality

153. _____ describes the extent to which someone is emotionally detached and manipulative in using power.
a) Locus of control.
b) Authoritarianism.
c) Machiavellianism.
d) Problem-solving style.
e) Self-monitoring.

Ans: C
Difficulty: Easy
Ref: Personality

154. Which of the following statements about the personality trait of Machiavellianism is/are accurate?
a) Machiavellianism describes the extent to which someone is emotionally detached and manipulative in using power.
b) The "low-mach" personality is exploitative and unconcerned about others.
c) The "high-mach" personality is deferential in allowing power to be exerted over him/her.
d) B and C.
e) A, B, and C.

Ans: A
Difficulty: Moderate

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Ref: Personality

155. _____ refers to the ways people gather and evaluate information for decision making.
a) Locus of control.
b) Authoritarianism.
c) Machiavellianism.
d) Problem-solving style.
e) Self-monitoring.

Ans: D
Difficulty: Easy
Ref: Personality

156. _____ reflects the degree to which someone is able to adjust and modify behaviour in response to the situation and external factors.
a) Locus of control.
b) Authoritarianism.
c) Machiavellianism.
d) Problem-solving style.
e) Self-monitoring.

Ans: E
Difficulty: Easy
Ref: Personality

157. Which of the following statements regarding self-monitoring is/are correct?
a) A low self-monitor tends to be a learner, comfortable with feedback, and both willing and able to change.
b) A high self-monitor is predictable, tending to act consistently regardless of circumstances.
c) Self-monitoring reflects the degree to which someone is able to adjust and modify behaviour in response to the situation and external factors.
d) A and B.
e) A, B, and C.

Ans: C
Difficulty: Moderate
Ref: Personality

158. _____ is a predisposition to act in a certain way toward people and things in one's environment.
a) An attitude.
b) A norm.
c) A behaviour.
d) A need.
e) Locus of control.

Ans: A

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Difficulty: Easy
Ref: Attitudes

159. Attitudes, whether positive or negative, have a(n) _____ component.
a) Emotional.
b) Behavioural.
c) Cognitive.
d) A and C.
e) A, B, and C.

Ans: E
Difficulty: Easy
Ref: Attitudes

160. The _____ component of an attitude reflects a belief or opinion.
a) Normative.
b) Cognitive.
c) Affective.
d) Perceptual.
e) Behavioural.

Ans: B
Difficulty: Easy
Ref: Attitudes

161. _____ describes the discomfort a person feels when attitudes and behaviour are inconsistent.
a) Affective state.
b) Cognitive component.
c) Cognitive dissonance.
d) Job involvement.
e) Job dissatisfaction.

Ans: C
Difficulty: Easy
Ref: Attitudes

162. _____ is the degree to which an individual feels positively or negatively about various aspects of work.
a) Employee loyalty.
b) Organizational loyalty
c) Work commitment.
d) Job commitment.
e) Job satisfaction.

Ans: E
Difficulty: Easy

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Ref: Attitudes

163. Job satisfaction _____.
a) Is the sum total of the individual's positive work experiences.
b) Is too personal for a manager to take into account for all individuals.
c) Relates to job context, not job content.
d) Is the degree to which an individual feels positively or negatively about various aspects of the work.
e) Is seldom researched because it cannot be objectively measured.

Ans: D
Difficulty: Easy
Ref: Attitudes

164. _____ refers to the extent to which an individual is dedicated to a job.
a) Job satisfaction.
b) Job involvement.
c) Organizational commitment.
d) Job enrichment.
e) The psychological contract.

Ans: B
Difficulty: Easy
Ref: Attitudes

165. _____ refers to the loyalty of an individual to the organization.
a) Job satisfaction.
b) Job involvement.
c) Organizational commitment.
d) Job enrichment.
e) The psychological contract.

Ans: C
Difficulty: Easy
Ref: Attitudes

166. Which of the following is a component of job satisfaction?
a) Pay or compensation
b) Attitude
c) Personality
d) Upbringing

Ans: A
Difficulty: Easy
Ref: Attitudes

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167. The most commonly measured facets of job satisfaction are:
a) Emotions, Personality, attitudes and desire
b) Work itself, quality of supervision, co-workers, opportunities, pay, work conditions and
c) security
d) Conceptual, interpersonal and technical skills
e) All of the above
f) None of the above

Ans: B
Difficulty: Easy
Ref: Attitudes

168. Job satisfaction can influence:
a) Management skills
b) Absenteeism and personnel turnover
c) The Meyers-Wilson anomaly
d) None of the above

Ans: B
Difficulty: Moderate
Ref: Attitudes

169. Common aspects of job satisfaction include all of the following EXCEPT:
a) Satisfaction with tasks.
b) Satisfaction with information technology.
c) Satisfaction with the work setting.
d) Satisfaction with supervision.
e) Satisfaction with coworkers.

Ans: B
Difficulty: Moderate
Ref: Attitudes

170. Which of the following items accurately describe a common aspect of job satisfaction?
a) Satisfaction with pay.
b) Satisfaction with advancement opportunities.
c) Satisfaction with organizational strategy.
d) Both A and B are common aspects of job satisfaction.
e) Both B and C are common aspects of job satisfaction.

Ans: D
Difficulty: Moderate
Ref: Attitudes

171. Research has demonstrated a strong relationship between _____ and _____.

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a) Job satisfaction … absenteeism and turnover.
b) Job satisfaction … monetary compensation.
c) Job involvement … usage of computers.
d) Job enrichment … job rotation.
e) Job design … effective hiring practices.

Ans: A
Difficulty: Hard
Ref: Attitudes

172. Which statement concerning job performance is incorrect?
a) Job performance is the quality and quantity of task contributions from the individual or group doing the job.
b) Job performance should contribute to the accomplishment of organizational objectives.
c) Job performance should add value to the organization's production of useful goods and/or services.
d) Job performance is the "bottom line" for people at work, and the cornerstone for overall organizational productivity.
e) Job performance is achieved through individual tradeoffs with job satisfaction.

Ans: E
Difficulty: Hard
Ref: Attitudes

173. "The happy worker is a productive worker" is an expression that is used to express the idea that:
a) Job satisfaction has nothing to do with work performance
b) Job satisfaction begets work performance
c) Job performance begets work satisfaction
d) Job dissatisfaction is related to low pay

Ans: B
Difficulty: Hard
Ref: Attitudes

174. "The productive worker is a happy worker" is an expression that is used to express the idea that:
a) Job performance begets a happy worker
b) Job performance begets an unhappy worker
c) Job performance is not related at all to worker performance
d) Job performance is ultimately related to high bonuses and low performance ratings

Ans: A
Difficulty: Hard
Ref: Attitudes

175. The link between job satisfaction and job performance is best described as:
a) Absolute, meaning a 100% perfect correlation
b) Zero, no correlation between the two
c) Modest, meaning there is some correlation between the two but it is complicated and has

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d) not been well-defined
e) Only defined in mechanistic organizations

Ans: C
Difficulty: Hard
Ref: Attitudes

176. "Performance followed by rewards creates satisfaction; satisfaction influences future performance" is an expression that:
a) Provides the basis for pay for performance systems like merit pay and bonuses
b) Is no longer considered to have any meaning in the job satisfaction-job performance
c) discussion
d) Is an expression of Communist ideology
e) Is too expensive to consider in any organization

Ans: A
Difficulty: Hard
Ref: Attitudes

177. The willingness to "go the extra mile" or to "go beyond the call of duty" in one's work is known as:
a) Unrealistic
b) Management by wandering around
c) The organizational matrix
d) Organizational citizenship

Ans: D
Difficulty: Easy
Ref: Attitudes

178. The willingness to do extra duties, help others and have a positive feeling towards the organization is called:
a) Being a company man
b) Organizational lunacy
c) Employee engagement
d) Management structure

Ans: C
Difficulty: Easy
Ref: Attitudes

179. An important component of _____ is the ability to manage ourselves and our relationships effectively, which is also known as _____
a) Human skills … emotional intelligence.
b) Human skills … self-management.
c) Informational roles … self-management.
d) Emotional intelligence … interpersonal roles.
e) Emotional intelligence … interactional skills.

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Ans: A
Difficulty: Moderate
Ref: Emotions, Moods, and Stress

180. _____is a strong feeling directed toward someone or something
a) Moods
b) Emotions
c) Stress
d) Cognitive dissonance
e) Machiavellianism

Ans: B
Difficulty: Easy
Ref: Emotions, Moods, and Stress

181. _____are generalized positive and negative feelings or states of mind that may persist for some time
a) Stressors
b) Emotions
c) Moods
d) Attitudes
e) Stereotypes

Ans: C
Difficulty: Easy
Ref: Emotions, Moods, and Stress

182. The state of tension experienced by people who face extraordinary demands, constraints, or opportunities is called _____.
a) Strain.
b) Stress.
c) Fear.
d) Depression.
e) Paranoia.

Ans: B
Difficulty: Easy
Ref: Emotions, Moods, and Stress

183. _____ goes hand-in-hand with the dynamic and sometimes uncertain nature of the managerial role.
a) Job-related depression.
b) Job-related stress
c) The Type A personality.
d) Job turmoil.
e) Managerial upheaval.

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Ans: B
Difficulty: Easy
Ref: Emotions, Moods, and Stress

184. _____ are things that cause stress and originate in work, personal, and nonwork situations.
a) Job characteristics
b) Stressors
c) Type A personality characteristics
d) Employee assistance programs
e) Core competencies

Ans: B
Difficulty: Easy
Ref: Emotions, Moods, and Stress

185. The _____ personality is high in achievement orientation, impatience, and perfectionism.
a) Achievement motivation
b) Type A
c) Type B
d) High quality
e) Driven

Ans: B
Difficulty: Easy
Ref: Emotions, Moods, and Stress

186. Which of the following is NOT a characteristic behaviour of the Type A personality?
a) Doing several things at once.
b) Feeling guilty when relaxing.
c) Trying to schedule more in less time.
d) Moving, walking, and eating rapidly.
e) Showing up late for work.

Ans: E
Difficulty: Moderate
Ref: Emotions, Moods, and Stress

187. Family events, personal economics, and personal affairs are _____ that may influence the stress an individual experiences at work.
a) Personal factors.
b) Work factors.
c) Constructive factors.
d) Nonwork factors.
e) Destructive factors.

Ans: D

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Difficulty: Hard
Ref: Emotions, Moods, and Stress

188. _____ acts in a positive way to increase effort, stimulate creativity, and encourage diligence in one's work.
a) Visionary stress.
b) Constructive stress.
c) Solid stress.
d) Motivational stress.
e) Energizing stress.

Ans: B
Difficulty: Easy
Ref: Emotions, Moods, and Stress

189. _____ stress impairs the performance of an individual and is dysfunctional for the individual and/or the organization.
a) Destructive.
b) Constructive.
c) Negative.
d) Intense.
e) Positive.

Ans: A
Difficulty: Easy
Ref: Emotions, Moods, and Stress

190. A form of physical and mental exhaustion that can be incapacitating both personally and with respect to one's work is _____.
a) Job stress.
b) Type A behaviour.
c) Job burnout.
d) Workplace rage.
e) Eustress.

Ans: C
Difficulty: Moderate
Ref: Emotions, Moods, and Stress

191. _____ is overtly aggressive behaviour toward co-workers and the work setting in general.
a) Job stress.
b) Type A behaviour.
c) Job burnout.
d) Workplace rage.
e) Eustress.

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Ans: D
Difficulty: Easy
Ref: Emotions, Moods, and Stress

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

Ans: C
Difficulty: Hard
Ref: Emotions, Moods, and Stress

193. Which of the following statements is incorrect regarding the responsibility of managers for dealing with stress in the workplace?
a) For reasons of better productivity, healthy employees make fewer errors and must be replaced less frequently.
b) People are more creative when they feel well, so managers should keep stress at comfortable levels.
c) Poor health due to stress may cause employees to reduce their contribution to the organization, so the return on investment to the company is lost.
d) People who are under a lot of stress at work will work harder in order to stay competitive with other employees, so the manager actually benefits by keeping stress levels high.
e) For humanitarian reasons alone, managers should enhance the employees' work setting and reduce stress-producing situations as much as possible.

Ans: D
Difficulty: Hard
Ref: Emotions, Moods, and Stress

194. The work factors that have the greatest potential to cause excessive stress include _____.
a) Role conflicts
b) Role ambiguities.
c) Role overloads.
d) All of the above.
e) None of the above.

Ans: D
Difficulty: Moderate
Ref: Emotions, Moods, and Stress

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195. _____ is a stress management strategy that includes taking individual responsibility for maintaining one's health through a disciplined approach to such things as smoking, alcohol or drug use, maintaining a nutritious diet, and engaging in a regular exercise and physical-fitness program.
a) Stress prevention.
b) Stress coping.
c) Stress reduction.
d) Personal wellness.
e) Humanitarianism.

Ans: D
Difficulty: Easy
Ref: Emotions, Moods, and Stress

196. All of the following statements about personal wellness are accurate EXCEPT:
a) Personal wellness describes the pursuit of one's physical and mental potential through a personal health-promotion program.
b) Personal wellness is an important fringe benefit in progressive companies.
c) Personal wellness is a form of preventive stress management.
d) Personal wellness is a lifestyle that reflects a true commitment to health.
e) People who aggressively maintain personal wellness are better prepared to deal with the inevitable stresses of work and work-life conflicts.

Ans: B
Difficulty: Hard
Ref: Emotions, Moods, and Stress

Essay Questions

197. Using the contributions and inducements that are referred to in the psychological contract between the individual and the organization, explain the nature of the employment relationship that you have had with an organization for which you now work or have worked in the past.

Ans: A psychological contract is a set of expectations held by an individual about what will be given and received in the employment relationship — which is the starting point for achieving a person-job fit. A healthy psychological contract has a balance between the contributions a person makes to the organization and the inducements received in return. Contributions include, but are not limited to, a person's effort, time, creativity, loyalty, and commitment that make the individual a valuable human resource. Inducements from the organization include, but are not limited to, pay, fringe benefits, training, opportunity, and respect that are given in exchange for the individual's contributions. An ideal work situation is one in which the exchange of values in the psychological contract is considered fair.
The students should apply this framework to an existing or prior employment relationship, clearly identifying the contributions and inducements. They should also indicate whether they believed the psychological contract was fair and provide an explanation for their judgments.
Difficulty: Easy
Ref: Perception

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198. Identify and define the "Big Five" personality traits. Describe the behavioral characteristics and tendencies of the polar opposites on each of these personality traits.

Ans: The "Big Five" personality traits are extroversion, agreeableness, conscientiousness, emotional stability, and openness. Extroversion reflects the degree to which someone is outgoing, sociable, and assertive. An extrovert is comfortable and confident in interpersonal relationships, whereas an introvert is more withdrawn and reserved in interpersonal relationships. Agreeableness concerns the degree to which someone is good-natured, cooperative, and trusting. An agreeable person gets along well with others while a disagreeable person is a source of conflict and discomfort for others. Conscientiousness is the degree to which someone is responsible, dependable, and careful. A conscientious person focuses on what can be accomplished and meets commitments, while a person lacking conscientiousness is careless, often trying to do too much and failing, or doing little. Emotional stability reflects the degree to which someone is relaxed, secure, and unworried. An emotionally stable person is calm and confident whereas a person lacking emotional stability is anxious, nervous, and tense. Openness concerns the degree to which someone is curious, open to new ideas, and unworried. An open person is broad-minded, receptive to new things, and open to change, whereas a person lacking openness is narrow-minded, has few interests, and is resistant to change.
Difficulty: Moderate
Ref: Personality

199. What is job performance? What are the key factors involved in individual job performance and how are they related to one another in influencing individual performance?

Ans: Job performance is the quantity and quality of task accomplishments by an individual or group at work. Individual job performance can be described with the individual performance equation, which is: Performance = Ability x Support x Effort. This equation clearly indicates that if high performance is to be achieved in any work setting, the individual contributor must possess the right abilities, have the necessary support, and work hard at the task. Each performance component is essential; without any one component, performance will be low due to the multiplicative relationship that exists among ability, support, and effort. Performance begins with ability — it establishes an individual's capacity to perform at a high level of accomplishment. Performance requires support — to fully utilize their abilities workers need sufficient resources, clear goals and directions, freedom from unnecessary rules and job constraints, appropriate technologies, and performance feedback. Performance involves effort — the willingness to work hard at a task is an essential component of the high-performance workplace. However, the decision to exert work effort rests squarely on the individual alone.
Difficulty: Moderate
Ref: Attitudes

200. Define "organizational citizenship." Why would a worker want to act in the manner described by the definition?

Ans: Organizational citizenship is a willingness to "go beyond the call of duty" or "go the extra mile" in one's work. A worker would be willing to do this when they are happy with their work activities, their pay, their supervisor and their co-workers. They feel an ownership link to the organization and feel empowered so they take great pride in representing the organization to whomever or whatever is in the business interaction. They want to do things right. It shows pride and respect for themselves and for the organization.
Difficulty: Moderate
Ref: Attitudes

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201. Emotional intelligence is the ability to understand emotions and manage relationships effectively. The text defines an emotion as a strong feeling directed toward someone or something. Describe the other two aspects of individual psychology that are of interest to management scholars.

Ans: Moods and stress are the other aspects of individual psychology that are important and significant to management scholars.
Moods are generalized positive and negative feelings or states of mind that may persist for some time. Human beings seem to have occasional moods which can represent the full range of possibilities. Researcher findings indicate that positive and negative emotions of leaders can be "contagious," causing followers to display similarly positive and negative moods. The main implication here for leaders undertaking the primal task of managing their moods and the moods of others is this: Humour hastens the spread of an upbeat climate. But like the leader's mood in general, humour must resonate with the organization's culture and its reality. Smiles and laughter, we would posit, are only contagious when they're genuine.
Good moods galvanize good performance, but it doesn't make sense for a leader to be as chipper as a blue jay at dawn if sales are tanking or the business is going under. The most effective executives display moods and behaviours that match the situation at hand, with a healthy dose of optimism mixed in. They respect how other people are feeling—even if it is glum or defeated—but they also model what it looks like to move forward with hope and humour.
Stress is a state of tension experienced by individuals facing extraordinary demands, constraints, or opportunities. Stressors are things that cause stress. Whether they originate directly from a change environment, other aspects of the work setting, or personal and non-work situations, stressors can influence attitudes, emotions and moods, behaviour, job performance, and even health. Work factors have an obvious potential to create job stress. As high stress accelerates mental performance beyond certain limits, executives and employees alike start operating almost unconsciously with low creativity and reduced perspective and integration.
At a certain point, doing things faster and multitasking at ever-higher levels begins to damage employee performance and judgment—and directly thwart the inflow of business insights. Furthermore, as pace and stress increase, people's ability to relate genuinely from the heart and establish meaningful business relationships sharply decreases. Salespeople in a hurry are mostly ineffective.
Difficulty: Moderate
Ref: Emotions, Moods and Stress

202. Briefly explain the two types of stress and provide an example of each one.

Ans: Stress can be either positive or negative depending upon how people perceive it. Their reaction to and capacity to cope with stress depends upon their personality and their perception of the stressor. The two types of stress discussed in the text are constructive and destructive.
Eustress is constructive stress. For example, when a student considers final examinations as a challenge to be met, he or she experiences eustress. Eustress can be viewed as a motivator that contributes to an increase in performance. For example, in project environments, when project teams face deadlines or challenges to cut costs, they often put forward their best efforts to overcome problems. Typically, individuals experiencing eustress feel that they have control over the situation (e.g., a confident project manager presenting a project plan). Generally, these individuals use their conceptual skills to develop a sound plan and their interpersonal and communications skills to carry it out.
Distress is destructive stress. A student who views a final examination as an insurmountable crisis experiences distress. Distress is a demotivator that reduces the ability to perform. Its presence may cause physical and/or emotional suffering and disturbance. Individuals experiencing distress feel that they have little or no control over the situation. For example, a technical project manager lacking in human skills may be nervous about leading the project team and managing the project. Because of this fear, he or she may lose self-confidence and self-esteem, consequently reducing the quantity and quality of performance.
Difficulty: Moderate
Ref: Emotions, Moods and Stress

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203. Locus of Control, authoritarianism, machiavellianism, self-monitoring and Type A Personality are considered as personality traits. Describe three of the above mentioned personality traits.

Ans: Locus of Control - Locus of control refers to the extent to which an individual perceives that he or she has control over the events that affect his or her life. Research has shown that we differ in our perceptions of control. Someone with an 'internal locus of control' believes that he or she has control over what happens to them, and that individual decisions and actions which he or she takes influence personal outcomes. The belief that we play a role in determining the events that impinge upon us is considered an important personal resource in coping with stress. Individuals with an 'internalised locus of control' therefore appear to suffer less threat and fewer adverse consequences than more 'externally' controlled people who tend to believe in luck or fate and perceive very little control over things that concern them.

Authoritarianism - is the degree to which a person defers to authority and accepts status differences. The tendency of people with authoritarian personalities to obey orders can cause problems if they follow higher-level directives to the point of acting unethically—or even illegally.

Machiavellianism - describes a personality who loves to manipulate people for the sheer joy that comes from the activity. The text describes machiavellianism as the extent to which someone is emotionally detached and manipulative in using power. Machiavellians, especially the really high-scoring ones (High Machs), have an uncanny ability to say the things that give others warm, fuzzy feelings. They can sell snow to people in Nome, Alaska. They have impeccable timing for the phrase that will change your mind. In short, if you did not study them, you would overlook a terrific opportunity to pick up tips.

Self-monitoring reflects the degree to which someone is able to adjust and modify behaviour in response to the immediate situation and to external factors. A person high in self-monitoring tends to be a learner, comfortable with feedback, and both willing and able to change.

A Type A personality is a person oriented toward extreme achievement, impatience, and perfectionism. One of the important tendencies of Type A persons is to bring stress on themselves, even in situations others may find relatively stress free.

Difficulty: Moderate

Ref: Personality

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Chapter 13: Information and Decision-Making

True/False

1. Self-confidence means being willing to act with the conviction needed to succeed in the situations we face.

Ans: True
Difficulty: Easy
Ref: Learning About Yourself

2. Computer competency is the ability to utilize computers and information technology to locate, retrieve, evaluate, organize, and analyze information for decision making.

Ans: False
Difficulty: Moderate
Ref: Information, Technology, and Management

3. Information competency is the ability to use technology to locate, retrieve, evaluate, organize, and analyze information for decision making.

Ans: True
Difficulty: Moderate
Ref: Information, Technology, and Management

4. Data are raw facts and observations.

Ans: True
Difficulty: Easy
Ref: Information, Technology, and Management

5. Information is data made useful and meaningful for decision-making.

Ans: True
Difficulty: Easy
Ref: Information, Technology, and Management

6. Timeliness, quality, completeness, relevance, and understandability are characteristics of useful information.

Ans: True
Difficulty: Moderate

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Ref: Information, Technology, and Management

7. Information that is complete is accurate, reliable, and can be used with confidence.

Ans: False
Difficulty: Moderate
Ref: Information, Technology, and Management

8. Information that is understandable is clear and easily understood by the user and is free from unnecessary detail.

Ans: True
Difficulty: Easy
Ref: Information, Technology, and Management

9. Information technology assists us in acquiring, storing, and processing information.

Ans: True
Difficulty: Easy
Ref: Information, Technology, and Management

10. The management process of planning, organizing, leading, and controlling is ultimately driven by information.

Ans: True
Difficulty: Moderate
Ref: Information and Managerial Decisions

11. At the organization's boundaries, information in the external environment is accessed and managers use this intelligence information to deal effectively with competitors and key stakeholders.

Ans: True
Difficulty: Moderate
Ref: Information, Technology, and Management

12. Organizations send public information to stakeholders and the external environment for the purpose of image building, financial reporting, and product advertising.

Ans: True
Difficulty: Hard
Ref: Information, Technology, and Management

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13. As a result of the increasing use of information technology, individuals and teams can communicate more easily and share information, and coordination and control among decision makers can be increased

Ans: True
Difficulty: Moderate
Ref: Information, Technology, and Management

14. Information systems use the latest in information technology to collect, organize, and distribute data in such as way that they become meaningful as information.

Ans: True
Difficulty: Moderate
Ref: Information, Technology, and Management

15. Management Information systems use technology that processes, organizes, analyzes, and distributes data.

Ans: False
Difficulty: Easy
Ref: Information, Technology, and Management

16. Information technology is changing organizations by breaking down traditional barriers that prevent people and departments from communicating and sharing information.

Ans: True
Difficulty: Easy
Ref: Information, Technology, and Management

17. A management information system is designed to use information technology to meet the specific information needs of managers as they make a variety of decisions on a day-to-day basis.

Ans: True
Difficulty: Easy
Ref: Information, Technology, and Management

18. Neither supply chain management nor customer relationship management can be improved with information technology (IT) connections.

Ans: False
Difficulty: Hard
Ref: Information, Technology, and Management

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19. As a result of the growth of management information systems, more managers are needed to coordinate the flow, sharing and processing of information.

Ans: False
Difficulty: Moderate
Ref: Information, Technology, and Management

20. In management, IT has planning, organizing, leading, and controlling advantages.

Ans: True
Difficulty: Easy
Ref: Information and Managerial Decisions

21. A problem refers to any difference between an actual situation and a desired situation.

Ans: True
Difficulty: Easy
Ref: Information and Managerial Decisions

22. A performance deficiency occurs when an actual situation turns out either better than anticipated or offers the potential to be better than anticipated.

Ans: False
Difficulty: Moderate
Ref: Information and Managerial Decisions

23. A performance opportunity occurs when actual performance is less than desired performance.

Ans: False
Difficulty: Moderate
Ref: Information and Managerial Decisions

24. Problem solving is the process of choosing among alternative courses of action for dealing with a problem.

Ans: False
Difficulty: Easy
Ref: Information and Managerial Decisions

25. Problem solving is the process of identifying a discrepancy between actual and desired states, and then taking appropriate corrective action.

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Ans: True
Difficulty: Easy
Ref: Information and Managerial Decisions

26. A decision is a choice among alternative possible courses of action.

Ans: True
Difficulty: Easy
Ref: Information and Managerial Decisions

27. Problem solving and decision making are dependent on quality information being available to the right people at the right time.

Ans: True
Difficulty: Moderate
Ref: Information and Managerial Decisions

28. Managers who ignore information that would otherwise signal the presence of a problem are problem deniers.

Ans: False
Difficulty: Easy
Ref: Information and Managerial Decisions

29. Problem solvers are managers who try to solve problems but only when forced to by the situation.

Ans: True
Difficulty: Easy
Ref: Information and Managerial Decisions

30. Problem seekers actively process information and constantly look for problems to solve or opportunities to explore.

Ans: True
Difficulty: Easy
Ref: Information and Managerial Decisions

31. Problem avoiders ignore information that would otherwise signal the presence of a problem; problem seekers try to solve problems as they arise; and problem solvers actively process information and look for problems to solve or opportunities to explore.

Ans: False
Difficulty: Moderate

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Ref: Information and Managerial Decisions

32. A person who approaches problems in a rational, step-by-step, and analytical fashion is engaging in systematic thinking.

Ans: True
Difficulty: Easy
Ref: Information and Managerial Decisions

33. Systematic thinkers are likely to deal with many aspects of a problem simultaneously, consider hunches, and jump quickly from one issue to another.

Ans: False
Difficulty: Moderate
Ref: Information and Managerial Decisions

34. Systematic thinkers are likely to break a complex problem into smaller components, make a plan before taking action, and search for information to facilitate problem solving in a step-by-step fashion.

Ans: True
Difficulty: Moderate
Ref: Information and Managerial Decisions

35. Intuitive thinkers approach problems in a flexible and spontaneous fashion.

Ans: True
Difficulty: Easy
Ref: Information and Managerial Decisions

36. Intuitive thinkers will broadly and quickly evaluate a problem situation, explore and abandon alternatives very quickly, and consider a number of alternatives and options simultaneously.

Ans: True
Difficulty: Moderate
Ref: Information and Managerial Decisions

37. Managers should use systematic thinking in high uncertainty situations where limited facts and few decision precedents exist.

Ans: False
Difficulty: Moderate
Ref: Information and Managerial Decisions

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38. Multidimensional thinking is the capacity to view many problems at once, in relationship to one another, and across long and short time horizons.

Ans: True
Difficulty: Moderate
Ref: Information and Managerial Decisions

39. Strategic opportunism is the ability to remain focused on long-term objectives while being flexible in dealing with short-term problems and opportunities in a timely manner.

Ans: False
Difficulty: Moderate
Ref: Information and Managerial Decisions

40. Cognitive styles are the various ways individuals deal with information while making decisions.

Ans: True
Difficulty: Moderate
Ref: Information and Managerial Decisions

41. The four cognitive styles are sensation thinkers, intuitive thinkers, intuitive feelers, and systematic feelers.

Ans: False
Difficulty: Hard
Ref: Information and Managerial Decisions

42. Programmed decisions use solutions already available from past experience to solve structured problems.

Ans: True
Difficulty: Moderate
Ref: Information and Managerial Decisions

43. A programmed decision is made when students are placed on academic probation for not maintaining a minimum grade point average.

Ans: True
Difficulty: Moderate
Ref: Information and Managerial Decisions

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44. A programmed decision is made when a new and unfamiliar problem arises and a novel solution is crafted to meet the demands of the unique situation at hand.

Ans: False
Difficulty: Moderate
Ref: Information and Managerial Decisions

45. Most problem situations encountered by higher-level managers can be classified as routine and structured.

Ans: False
Difficulty: Easy
Ref: Information and Managerial Decisions

46. Unstructured problems are ones that are familiar, straightforward, and clear with respect to the information needs.

Ans: False
Difficulty: Easy
Ref: Information and Managerial Decisions

47. Unstructured problems are full of ambiguities and information deficiencies, and require nonprogrammed decisions that craft novel solutions to meet the demands of a unique situation.

Ans: True
Difficulty: Moderate
Ref: Information and Managerial Decisions

48. Consideration of an employee's request for tuition reimbursement for a job-related course taken at the local community college is a good example of a non-programmed decision.

Ans: False
Difficulty: Hard
Ref: Information and Managerial Decisions

49. A crisis is an unexpected problem that can lead to disaster if not resolved quickly and appropriately.

Ans: True
Difficulty: Easy
Ref: Information and Managerial Decisions

50. Most managers react to crisis situations by readily involving others in solving the problem.

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Ans: False
Difficulty: Easy
Ref: Information and Managerial Decisions

51. Proactive managers try to identify those situations that are likely to be susceptible to a crisis, and then develop basic contingency plans for crisis management.

Ans: True
Difficulty: Moderate
Ref: Information and Managerial Decisions

52. A crisis may be made worse if critical decisions are made with poor or inadequate information and from a limited perspective.

Ans: True
Difficulty: Moderate
Ref: Information and Managerial Decisions

53. An appropriate guideline for crisis management is to take the time to understand what is going on with the crisis situation and the conditions under which the crisis must be resolved.

Ans: True
Difficulty: Moderate
Ref: Information and Managerial Decisions

54. An appropriate rule for crisis management is to never back off of a crisis because there will never be a better opportunity than the present time to resolve a crisis situation.

Ans: False
Difficulty: Moderate
Ref: Information and Managerial Decisions

55. An appropriate guideline for crisis management is to never "fight fire with fire" by starting another crisis to get people's attention.

Ans: False
Difficulty: Moderate
Ref: Information and Managerial Decisions

56. A certain environment is the decision environment in which complete information is available about possible alternative courses of action and their outcomes.

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Ans: True
Difficulty: Easy
Ref: Information and Managerial Decisions

57. When decision makers lack complete information on action alternatives and their consequences but have some knowledge of the probabilities associated with the various outcomes, they are operating in an environment of uncertainty.

Ans: False
Difficulty: Moderate
Ref: Information and Managerial Decisions

58. Uncertainty is the most difficult decision environment for any manager.

Ans: True
Difficulty: Easy
Ref: Information and Managerial Decisions

59. The decision-making process involves a set of activities and events that begins with identification of a problem, includes making a decision, and ends with the evaluation of results.

Ans: True
Difficulty: Moderate
Ref: The Decision-Making Process

60. Decision making is a six-step process that begins with generating alternative solutions and ends with implementing the solution.

Ans: False
Difficulty: Easy
Ref: The Decision-Making Process

61. The first step in the decision-making process involves gathering information, processing information, and deliberating.

Ans: True
Difficulty: Easy
Ref: The Decision-Making Process

62. A key aspect of problem identification and definition involves clarifying goals by determining exactly what a decision should accomplish.

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Ans: True
Difficulty: Moderate
Ref: The Decision-Making Process

63. Common mistakes in defining problems include: focusing on symptoms instead of causes, choosing the wrong problem to address, and defining the problem too broadly or too narrowly.

Ans: True
Difficulty: Moderate
Ref: The Decision-Making Process

64. Generation and evaluation of alternative course of action is the decision making stage at which people assemble the facts and information that will be helpful for problem solving.

Ans: True
Difficulty: Moderate
Ref: The Decision-Making Process

65. A cost/benefit analysis compares the costs of implementing an alternative with its expected benefits.

Ans: True
Difficulty: Easy
Ref: The Decision-Making Process

66. Typical criteria for evaluating alternative solutions include benefits, costs, timeliness, acceptability, and ethical soundness.

Ans: True
Difficulty: Moderate
Ref: The Decision-Making Process

67. The second step of the decision-making process will be effective when the search for alternatives is completed rapidly.

Ans: False
Difficulty: Moderate
Ref: The Decision-Making Process

68. The second step of the decision-making process will be effective when alternatives meet ethical standards that are acceptable to the organization's various stakeholders.

Ans: True

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Difficulty: Hard
Ref: The Decision-Making Process

69. The third step of the decision-making process involves selecting a preferred course of action.

Ans: True
Difficulty: Easy
Ref: The Decision-Making Process

70. According to classical decision theory, managers make rational choices in a certain world because they have complete information regarding all possible alternatives and their consequences.

Ans: True
Difficulty: Hard
Ref: The Decision-Making Process

71. According to classical decision theory, managers choose the satisfactory alternative.

Ans: False
Difficulty: Easy
Ref: The Decision-Making Process

72. A manager who chooses the alternative giving the absolute best solution to a problem is making an optimizing decision.

Ans: True
Difficulty: Easy
Ref: The Decision-Making Process

73. Making decisions within the constraints of limited information and alternatives is known as bounded rationality.

Ans: True
Difficulty: Easy
Ref: The Decision-Making Process

74. The behavioural decision model describes decision making with complete information, where the manager faces a clearly defined problem and knows all possible action alternatives as well as their consequences.

Ans: False
Difficulty: Moderate
Ref: The Decision-Making Process

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75. The behavioural decision model describes decision making where people are assumed to act only in terms of what they perceive about a given situation.

Ans: True
Difficulty: Easy
Ref: The Decision-Making Process

76. According to the behavioural decision model, managerial decisions are rational only within the boundaries defined by available information.

Ans: True
Difficulty: Moderate
Ref: The Decision-Making Process

77. According to the behavioural decision model, competent managers — even with cognitive limitations — can make perfectly rational decisions in highly ambiguous situations.

Ans: False
Difficulty: Easy
Ref: The Decision-Making Process

78. When a manager chooses the first satisfactory alternative that comes to his or her attention during the decision-making process, satisficing occurs.

Ans: True
Difficulty: Moderate
Ref: The Decision-Making Process

79. The satisficing error refers to the failure to adequately involve those persons whose support is necessary to ensure a decision's implementation.

Ans: False
Difficulty: Moderate
Ref: The Decision-Making Process

80. Implementation is the decision making stage at which problem-solving actions are initiated.

Ans: True
Difficulty: Easy
Ref: The Decision-Making Process

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81. The failure to adequately involve the people whose support is necessary to ensure a plan's implementation is a major reason for difficulties in the implementation stage of decision making.

Ans: True
Difficulty: Hard
Ref: The Decision-Making Process

82. The final stage of the decision-making process is evaluating results.

Ans: True
Difficulty: Easy
Ref: The Decision-Making Process

83. In the final stage of the decision-making process, the manager needs to examine only negative consequences of the chosen course of action.

Ans: False
Difficulty: Moderate
Ref: The Decision-Making Process

84. In the final stage of the decision-making process, a modified or new solution may need to be generated if the original solution appears to be inadequate.

Ans: True
Difficulty: Hard
Ref: The Decision-Making Process

85. When people face complex environments and have limited information, they often use heuristics to simplify decision-making.

Ans: True
Difficulty: Moderate
Ref: Issues in Managerial Decision Making

86. The anchoring and adjustment heuristic occurs when people use information "readily available" from memory as a basis for assessing a current situation or event.

Ans: False
Difficulty: Moderate
Ref: Issues in Managerial Decision Making

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87. The availability heuristic bases decisions on recent information or events.

Ans: True
Difficulty: Easy
Ref: Issues in Managerial Decision Making

88. The representativeness heuristic involves making decisions based on alterations to a previously existing value or starting point.

Ans: False
Difficulty: Moderate
Ref: Issues in Managerial Decision Making

89. When a problem is evaluated and resolved in the positive or negative context in which it is perceived, a framing error occurs.

Ans: True
Difficulty: Moderate
Ref: Issues in Managerial Decision Making

90. Confirmation error occurs when the decision maker focuses only on information and data that confirms a decision already made.

Ans: True
Difficulty: Easy
Ref: Issues in Managerial Decision Making

91. Escalating commitment refers to the tendency to increase effort and perhaps apply more resources to pursue a course of action that is not working.

Ans: True
Difficulty: Moderate
Ref: Issues in Managerial Decision Making

92. Avoiding the escalation of commitment trap in decision making can be accomplished by: setting advance limits on involvement, determining why the particular course of action is right, keeping in mind the costs involved, and not letting others influence your decision.

Ans: True
Difficulty: Hard
Ref: Issues in Managerial Decision Making

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93. Creativity in management is generating a novel idea or unique approach to solving performance problems or exploiting performance opportunities.

Ans: True
Difficulty: Moderate
Ref: Issues in Managerial Decision Making

94. The three component model of creativity includes task expertise, task motivation, and time management skills.

Ans: False
Difficulty: Hard
Ref: Issues in Managerial Decision Making

95. A person or team doesn't need task expertise to make creative decisions.

Ans: True
Difficulty: Moderate
Ref: Issues in Managerial Decision Making

96. One of the most important creativity skills is the willingness to question assumptions.

Ans: True
Difficulty: Easy
Ref: Issues in Managerial Decision Making

97. Some of the characteristics that describe creative people are resourceful, systematic and intuitive in problem solving, think outside the box, transfer learning from one setting to others.

Ans: True
Difficulty: Hard
Ref: Issues in Managerial Decision Making

98. Two of the most important situational creativity drivers are management support and organizational culture.

Ans: True
Difficulty: Hard
Ref: Issues in Managerial Decision Making

99. In the context of individual and group decision making, the "right" decision method is the one that provides for a quality decision even if it is not timely.

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Ans: False
Difficulty: Moderate
Ref: Issues in Managerial Decision Making

100. In the context of individual and group decision making, the "right" decision method is the one that promotes the commitment of people who will be involved in implementing the decision.

Ans: True
Difficulty: Moderate
Ref: Issues in Managerial Decision Making

101. The potential disadvantages of group decision making include: greater amounts of information, knowledge, and expertise are available to solve problems; more action alternatives are examined; and understanding and acceptance of outcomes by members is increased.

Ans: False
Difficulty: Hard
Ref: Issues in Managerial Decision Making

102. The potential advantages of group decision making include: individual team members feeling pressure to conform to the wishes of others, the occurrence of minority domination; and the consumption of time.

Ans: False
Difficulty: Hard
Ref: Issues in Managerial Decision Making

103. Any decision should meet the ethics double check.

Ans: True
Difficulty: Easy
Ref: Issues in Managerial Decision Making

104. The "ethics double check" should address the questions: "How would I feel if my family found out about this decision?" and "How would I feel if this decision were published in the local newspaper?"

Ans: True
Difficulty: Moderate
Ref: Issues in Managerial Decision Making

105. Any discomfort in answering the "ethics double check" questions signifies that the decision may have ethical shortcomings.

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Ans: True
Difficulty: Moderate
Ref: Issues in Managerial Decision Making

106. Only major managerial decisions need to meet the criteria of the "ethics double check."

Ans: False
Difficulty: Moderate
Ref: Issues in Managerial Decision Making

107. Examining the ethics of a proposed decision may result in both better decisions and the prevention of costly litigation.

Ans: True
Difficulty: Easy
Ref: Issues in Managerial Decision Making

Multiple-Choice

108. _____ is the ability to understand computers and use them to best advantage.
a) Intellectual capital.
b) Computer competency.
c) Information competency.
d) Knowledge management.
e) Computer systems support.

Ans: B
Difficulty: Easy
Ref: Information, Technology, and Management

109. _____ is the ability to utilize computers and information technology to locate, retrieve, evaluate, organize, and analyze information for decision making.
a) Intellectual capital.
b) Computer competency.
c) Information competency.
d) Knowledge management.
e) Decision support management.

Ans: C
Difficulty: Moderate
Ref: Information, Technology, and Management

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110. _____ are raw facts and observations.
a) Data.
b) Information.
c) Decisions.
d) Perceptions.
e) Files.

Ans: A
Difficulty: Easy
Ref: Information, Technology, and Management

111. _____ is _____ made useful and meaningful for decision making.
a) Information … understandability.
b) Timeliness … data.
c) Data … information.
d) E-commerce … information.
e) Information … data.

Ans: E
Difficulty: Moderate
Ref: Information, Technology, and Management

112. Which of the following is not a characteristic of useful information?
a) The information is available when needed.
b) The information is accurate and reliable.
c) The information is complete and sufficient for the task at hand.
d) The information is appropriate for the task at hand.
e) The information will enable the user to be involved in making decisions and increase the likelihood of his/her commitment to those decisions.

Ans: E
Difficulty: Moderate
Ref: Information, Technology, and Management

113. Useful information meets the test of five criteria. These criteria are _____.
a) Timeliness, quantity, completeness, relevance, and understandability.
b) Timeliness, quality, completeness, relevance, and understandability.
c) Timeliness, quality, completeness, relevance, and acceptance.
d) Timeliness, quantity, quality, completeness, and acceptance.
e) Timeliness, completeness, relevance, applicability, and acceptance.

Ans: B
Difficulty: Moderate
Ref: Information, Technology, and Management

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114. _____ meets the specific information needs of managers as they make decisions on a daily basis.
a) An extranet.
b) An intranet.
c) A management information system.
d) An enterprise-wide network.
e) An inter-organizational information system.

Ans: C
Difficulty: Moderate
Ref: Information, Technology, and Management

115. _____ use the latest in information technology to collect, organize, and distribute data in such as way that they become meaningful as information.
a) Network portals.
b) Information systems.
c) Computer networks.
d) Systems analysis packages.
e) Information control portals.

Ans: B
Difficulty: Easy
Ref: Information, Technology, and Management

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

Ans: D
Difficulty: Hard
Ref: Information, Technology, and Management

117. Information technology facilitates all of the following except:
a) Plays a role in customer relationship management
b) Creates functional barriers between organizations
c) Controls costs in supply chain management
d) Allows outsourcing and other business
e) None of the above

Ans: B
Difficulty: Hard

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Ref: Information, Technology, and Management

118. Full utilization of IT provides advantages to the management process of planning, organizing, leading, and controlling. By providing more and better communication among all parts and improving coordination and integration, IT addresses _____advantages.
a) Planning advantages
b) Organizing advantages
c) Leading advantages
d) Controlling advantages
e) Disciplining advantages

Ans: B
Difficulty: Hard
Ref: Information and Managerial Decisions

119. Problem solving is the process of _____.
A. Choosing among alternative courses of action for dealing with a problem.
B. Identifying a discrepancy between actual and desired states, and then taking appropriate corrective action.
C. Approaching a problem in a rational and logical manner.
D. Approaching a problem in an aggressive, corrective manner.
E. Finding a performance deficiency.

Ans: B
Difficulty: Easy
Ref: Information and Managerial Decisions

120. A(n) _____ is a choice among alternative possible courses of action.
a) Problem.
b) Performance deficiency.
c) Performance opportunity.
d) Decision.
e) Action plan.

Ans: D
Difficulty: Easy
Ref: Information and Managerial Decisions

121. Problem solving and decision making are dependent on quality _____ being available to the right people at the right time.
a) Products.
b) Services.
c) Information.
d) Control.
e) Goals.

Ans: C

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Difficulty: Easy
Ref: Information and Managerial Decisions

122. A _____ occurs when actual performance is less than desired performance.
a) Performance issue.
b) Performance deficiency.
c) Performance opportunity.
d) Decision situation.
e) Management challenge.

Ans: B
Difficulty: Easy
Ref: Information and Managerial Decisions

123. A company purchases a new computer system for the purpose of streamlining the processing of customer orders. The company's objective is to decrease processing time so that 98% of all orders are shipped within 24 hours of being received. After operating with the new system for three months, the company was shipping 92% of all orders within 24 hours. This situation is an example of a _____.
a) Performance opportunity.
b) Ethical situation.
c) Performance deficiency.
d) Work process weakness.
e) Planning weakness.

Ans: C
Difficulty: Moderate
Ref: Information and Managerial Decisions

124. A _____ occurs when an actual situation turns out either better than anticipated or offers the potential to be better than anticipated.
a) Performance issue.
b) Performance deficiency.
c) Performance opportunity.
d) Decision situation.
e) Management challenge.

Ans: C
Difficulty: Easy
Ref: Information and Managerial Decisions

125. A person who approaches problems in a rational, step-by-step, and analytical fashion is engaging in _____.
a) Risk analysis.
b) Uncertainty analysis.
c) Systematic thinking.
d) Intuitive thinking.

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e) Strategic opportunism.

Ans: C
Difficulty: Easy
Ref: Information and Managerial Decisions

126. Systematic thinkers are likely to _____.
a) Make a plan for solving a problem but explore and abandon alternatives very quickly.
b) Break a complex problem into smaller components; make a plan before taking action, and search for information to facilitate problem solving in a step-by-step fashion.
c) Broadly and quickly evaluate the problem situation and the possible alternative course of action.
d) Rely on nonverbal cues and hunches to solve problems.
e) Deal with many aspects of a problem simultaneously, consider hunches, and jump quickly from one issue to another.

Ans: B
Difficulty: Moderate
Ref: Information and Managerial Decisions

127. Someone who approaches problems in a flexible and spontaneous fashion is engaging in _____.
a) Risk analysis.
b) Uncertainty analysis.
c) Systematic thinking.
d) Intuitive thinking.
e) Strategic opportunism.

Ans: C
Difficulty: Easy
Ref: Information and Managerial Decisions

128. Intuitive thinkers are likely to do all of the following EXCEPT:
a) Broadly and quickly evaluate a problem situation.
b) Explore and abandon alternatives very quickly.
c) Consider a number of alternatives and options simultaneously.
d) Consider hunches and jump quickly from one issue to another.
e) Solve problems in a step-by-step fashion.

Ans: E
Difficulty: Easy
Ref: Information and Managerial Decisions

129. Managers should use _____ in high uncertainty situations where limited facts and few decision precedents exist.
a) Systematic thinking.
b) Intuitive thinking.
c) The nominal group technique.

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d) The brainstorming technique.
e) Decision tree analysis.

Ans: B
Difficulty: Moderate
Ref: Information and Managerial Decisions

130. All of the following are cognitive styles in decision making except:
a) Sensation thinkers
b) Intuitive thinkers
c) Sensation feelers
d) Informational thinker
e) Intuitive feeler

Ans: D
Difficulty: Easy
Ref: Information and Managerial Decisions

131. _____ is the capacity to view many problems at once, in relationship to one another, and across long and short time horizons.
a) Intuitive thinking.
b) Expert thinking.
c) Strategic thinking.
d) Multidimensional thinking.
e) Alternative thinking.

Ans: D
Difficulty: Moderate
Ref: Information and Managerial Decisions

132. _____ is the ability to remain focused on long-term objectives while being flexible in dealing with short-term problems and opportunities in a timely manner.
a) Individual opportunism.
b) System opportunism.
c) Strategic opportunism.
d) Competitive opportunism.
e) Intuitive opportunism.

Ans: C
Difficulty: Moderate
Ref: Information and Managerial Decisions

133. _____ use solutions already available from past experience to solve _____.
a) Programmed decisions … structured problems.
b) Nonprogrammed decisions … structured problems.
c) Programmed decisions … unstructured problems.

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d) Nonprogrammed decisions … unstructured problems.
e) Crisis decisions … structured problems.

Ans: A
Difficulty: Easy
Ref: Information and Managerial Decisions

134. _____ are ones that are familiar, straightforward, and clear with respect to the information needs.
a) Expected problems
b) Unstructured problems
c) Systematic decisions
d) Structured problems
e) Administrative decisions

Ans: D
Difficulty: Easy
Ref: Information and Managerial Decisions

135. _____ are full of ambiguities and information deficiencies, and require _____ that craft novel solutions to meet the demands of a unique situation
a) Structured problems … programmed decisions
b) Structured problems … nonprogrammed decisions
c) Unstructured problems … nonprogrammed decisions
d) Unstructured problems…. programmed decisions
e) Structured problems … crisis decisions

Ans: C
Difficulty: Moderate
Ref: Information and Managerial Decisions

136. A(n) _____ is made when a new and unfamiliar problem arises and a novel solution is crafted to meet the demands of the unique situation at hand.
a) Programmed decision.
b) Nonprogrammed decision.
c) Structured decision.
d) Unstructured decision.
e) Difficult decision.

Ans: B
Difficulty: Easy
Ref: Information and Managerial Decisions

137. An unexpected problem that can lead to disaster if not resolved quickly and appropriately is known as _____.
a) A structured problem.
b) An unstructured problem.

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c) A nonprogrammed decision.
d) A programmed decision.
e) A crisis.

Ans: E
Difficulty: Easy
Ref: Information and Managerial Decisions

138. Terrorism in the post-9/11 world, ethical scandals, outbreaks of workplace violence, information technology failures, and man-made environmental disasters are all examples of _____ problems that managers sometimes face.
a) Routine
b) Creative
c) Crisis
d) Expected
e) Programmed

Ans: C
Difficulty: Easy
Ref: Information and Managerial Decisions

139. _____ refers to the preparation of managers and others to deal with unexpected high-impact events that threaten an organization's well-being.
a) Fiscal responsibility
b) High context planning
c) Relief anticipation management
d) Impact avoidance goal setting
e) Crisis management

Ans: E
Difficulty: Easy
Ref: Information and Managerial Decisions

140. Which of the following is not an appropriate rule or guideline for crisis management?
a) Take the time to understand what is going on with the crisis situation and the conditions under which the crisis must be resolved.
b) Attack the crisis as quickly as possible to keep it as small as possible.
c) Know when to back off and wait for a better opportunity to make progress with the crisis.
d) Never "fight fire with fire" by starting another crisis to get people's attention.
e) Respect the danger of the unfamiliar and value the sceptic.

Ans: D
Difficulty: Moderate
Ref: Information and Managerial Decisions

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141. A _____ is the decision environment in which complete information is available about possible alternative courses of action and their outcomes
a) Probability environment
b) Uncertain environment
c) Risk environment
d) Certain environment
e) Normal environment

Ans: D
Difficulty: Moderate
Ref: Information and Managerial Decisions

142. The ideal, but seldom achieved, condition for managerial problem solving is characterized by _____.
a) Low risk, because managers seek little stimulation.
b) High risk, because that is when high profits are possible.
c) Uncertainty, because that offers the greatest chance for creativity.
d) Normality, because that is the condition under which all the business school principles work.
e) Certainty, because the manager simply has to locate the alternative offering the best solution.

Ans: E
Difficulty: Moderate
Ref: Information and Managerial Decisions

143. When decision makers lack complete information on action alternatives and their consequences but have some knowledge of the probabilities associated with the various outcomes, they are operating in an environment of _____.
a) Certainty.
b) Risk.
c) Uncertainty.
d) Subjectivity.
e) Equifinality.

Ans: B
Difficulty: Easy
Ref: Information and Managerial Decisions

144. When managers are unable to even assign probabilities to the outcomes attached to various problem-solving alternatives, _____.
a) A state of crisis exists.
b) Uncertainty exists.
c) Managers cannot rely on creativity.
d) No solutions are possible.
e) The planning system must rely on managers' intuition.

Ans: B
Difficulty: Easy
Ref: Information and Managerial Decisions

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145. The most difficult decision environment for any manager to deal with is _____.
a) Certainty.
b) Risk.
c) Uncertainty.
d) Probability.
e) Innovation.

Ans: C
Difficulty: Easy
Ref: Information and Managerial Decisions

146. The _____ involves a set of activities and events that begins with identification of a problem, includes making a decision, and ends with the evaluation of results.
a) Control process
b) Organizing process
c) Leading process
d) Decision-making process
e) Negotiation process

Ans: D
Difficulty: Easy
Ref: The Decision-Making Process

147. Decision making is a _____ process that begins with _____ and ends with _____.
a) Five-step … identifying and defining the problem … evaluating results.
b) Five-step … identifying and defining the problem … implementing the solution.
c) Four-step … identifying and defining the problem … implementing the solution.
d) Six-step … generating alternative solutions … evaluating the results.
e) Six-step … generating alternative solutions … implementing the solution.

Ans: A
Difficulty: Moderate
Ref: The Decision-Making Process

148. The first step in the decision-making process involves _____.
a) Generating alternative solutions and evaluating them.
b) Selecting a preferred solution.
c) Implementing the preferred solution.
d) Identifying and defining the problem.
e) Evaluating the results.

Ans: D
Difficulty: Moderate
Ref: The Decision-Making Process

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149. A key aspect of _____ involves clarifying goals by determining exactly what a decision should accomplish.
a) Evaluation of solutions
b) Implementation of solutions
c) Problem identification and definition
d) Generation of solutions
e) Choosing a preferred solution

Ans: C
Difficulty: Moderate
Ref: The Decision-Making Process

150. Stating a problem as the need to "build a better mousetrap" instead of the need to "get rid of mice" is an example of which type of error in identifying and defining a problem?
a) Choosing the wrong problem to deal with.
b) Focusing on symptoms instead of causes.
c) Defining a problem too broadly or too narrowly.
d) Selective perception.
e) Doing the routine rather than the unexpected.

Ans: C
Difficulty: Moderate
Ref: The Decision-Making Process

151. _____ is the decision making stage at which people assemble the facts and information that will be helpful for problem solving.
a) Identification and problem definition
b) Generation and evaluation of alternative courses of action
c) Selection of the preferred course of action and making the "ethics double check"
d) Implementation of the decision solution
e) Evaluation of results

Ans: B
Difficulty: Moderate
Ref: The Decision-Making Process

152. Comparing the costs of implementing an alternative with its expected benefits is called a(n) _____.
a) Inventory of alternatives.
b) Cost-benefit analysis.
c) Decision matrix.
d) Payoff table.
e) Chart of probabilities.

Ans: B
Difficulty: Easy
Ref: The Decision-Making Process

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

Ans: D
Difficulty: Moderate
Ref: The Decision-Making Process

154. Typical criteria for evaluating alternative solutions include all of the following EXCEPT:
a) Benefits and costs.
b) Timeliness.
c) Acceptability.
d) Ease of implementation.
e) Ethical soundness.

Ans: D
Difficulty: Easy
Ref: The Decision-Making Process

155. The third step of the decision-making process involves _____.
a) Generating alternative solutions and evaluating them.
b) Selecting a preferred course of action
c) Implementing the solution.
d) Gathering information, processing information, and deliberating.
e) Evaluating the results.

Ans: B
Difficulty: Easy
Ref: The Decision-Making Process

156. The _____ describes decision making with complete information, where the manager faces a clearly defined problem and knows all possible action alternatives as well as their consequences.
a) Classical decision model.
b) Administrative decision model.
c) Behavioural decision model.
d) Bounded rationality decision model.
e) Political decision model.

Ans: A
Difficulty: Moderate
Ref: The Decision-Making Process

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157. A manager who chooses the alternative giving the absolute best solution to a problem is making a(n) _____.
a) Wise decision
b) Optimizing decision
c) Managerial decision
d) Limiting decision
e) Systematic decision.

Ans: B
Difficulty: Easy
Ref: The Decision-Making Process

158. _____ indicates that decisions are rational only within the boundaries defined by the available information.
a) Bounded rationality.
b) Available rationality.
c) Limited decision making.
d) Classical decision making.
e) Optimal rationality.

Ans: A
Difficulty: Easy
Ref: The Decision-Making Process

159. The _____ describes decision making where people are assumed to act only in terms of what they perceive about a given situation.
a) Executive decision model.
b) Personal decision model.
c) Biased decision model.
d) Behavioural decision model.
e) Descriptive decision model.

Ans: D
Difficulty: Moderate
Ref: The Decision-Making Process

160. When a manager chooses the first satisfactory alternative that comes to his or her attention during the decision-making process, _____ occurs.
a) Rationalization.
b) Intuition.
c) Satisficing.
d) Optimization.
e) Utilitarianism.

Ans: C
Difficulty: Moderate

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Ref: The Decision-Making Process

161. The _____ is particularly useful in describing how people make decisions under conditions of risk and uncertainty.
a) Classical decision model
b) Executive decision model
c) Behavioural decision model
d) Descriptive decision model
e) Political decision model

Ans: C
Difficulty: Moderate
Ref: The Decision-Making Process

162. _____ is the decision-making stage at which problem-solving actions are initiated.
a) Identification and problem definition
b) Solution generation and evaluation
c) Solution selection and "ethics double check"
d) Implementation
e) Evaluation

Ans: D
Difficulty: Moderate
Ref: The Decision-Making Process

163. The failure to adequately involve the people whose support is necessary to ensure a plan's implementation is a major reason for difficulties in the _____ stage of decision making.
a) Identification and problem definition.
b) Solution generation and evaluation.
c) Solution selection and "ethics double check."
d) Implementation.
e) Evaluation.

Ans: D
Difficulty: Moderate
Ref: The Decision-Making Process

164. The final stage of the decision-making process is _____.
a) Identifying and defining problems.
b) Generating and evaluating solutions.
c) Selection a course of action.
d) Implementing the solution.
e) Evaluating results.

Ans: E
Difficulty: Easy

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Ref: The Decision-Making Process

165. Which of the following does NOT accurately describe the evaluation of results in the decision-making process?
a) The decision-making process is not complete until results are evaluated
b) The process must be renewed when results are not achieved.
c) Only negative consequences of the chosen course of action need to be examined.
d) Evaluation is made easier if the solution involves clear objectives with measurable targets and timetables.
e) A modified or new solution may need to be generated if the original solution appears to be inadequate.

Ans: C
Difficulty: Moderate
Ref: The Decision-Making Process

166. When people face complex environments and have limited information, they often use simplifying strategies for decision making. These simplifying strategies are known as _____.
a) Uncertainty reduction.
b) Heuristics.
c) Optimizing.
d) Rationalization.
e) Work simplification.

Ans: B
Difficulty: Moderate
Ref: Issues in Managerial Decision Making

167. Which statement about heuristics is correct?
a) The availability heuristic occurs when people use information from memory as a basis for assessing a current situation or event.
b) The representativeness heuristic occurs when people assess the likelihood of something occurring based on its similarity to a stereotyped set of occurrences.
c) The anchoring and adjustment heuristic involves making decisions based on alterations to a previously existing value or starting point.
d) All of the above.
e) None of the above.

Ans: D
Difficulty: Moderate
Ref: Issues in Managerial Decision Making

168. The _____ occurs when people use information "readily available" from memory as a basis for assessing a current situation or event.
a) Representativeness heuristic.
b) Availability heuristic.
c) Escalation heuristic.
d) Satisficing heuristic.
e) Anchoring and adjustment heuristic.

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Ans: B
Difficulty: Moderate
Ref: Issues in Managerial Decision Making

169. The _____ occurs when people assess the likelihood of something occurring based on its similarity to a stereotyped set of occurrences.
a) Representativeness heuristic.
b) Availability heuristic.
c) Escalation heuristic.
d) Satisficing heuristic.
e) Anchoring and adjustment heuristic.

Ans: A
Difficulty: Moderate
Ref: Issues in Managerial Decision Making

170. The _____ involves making decisions based on alterations to a previously existing value or starting point.
a) Representativeness heuristic.
b) Availability heuristic.
c) Escalation heuristic.
d) Satisficing heuristic.
e) Anchoring and adjustment heuristic.

Ans: E
Difficulty: Moderate
Ref: Issues in Managerial Decision Making

171. When a problem is evaluated and resolved in the positive or negative context in which it is perceived, a(n) _____ occurs.
a) Lack of participation error.
b) Escalation error.
c) Framing error.
d) Group decision error.
e) Satisficing error.

Ans: C
Difficulty: Moderate
Ref: Issues in Managerial Decision Making

172. _____occurs when focusing only on information that confirms a decision already made.
a) Framing error
b) Satisficing
c) Heuristics
d) Confirmation error
e) Escalation error

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Ans: D
Difficulty: Moderate
Ref: Issues in Managerial Decision Making

173. The tendency to increase effort and perhaps apply more resources to pursue a course of action that is not working is known as _____.
a) Cost-benefit impact.
b) Heuristics.
c) Escalating commitment.
d) Escalating cost impact.
e) Satisficing.

Ans: C
Difficulty: Moderate
Ref: Issues in Managerial Decision Making

174. The generation of a novel idea or unique approach to solving performance problems or exploiting performance opportunities is_____.
a) Heuristics
b) Satisficing
c) Creativity
d) Cost-benefit-analysis
e) Diversity

Ans: C
Difficulty: Moderate
Ref: Issues in Managerial Decision Making

175. The three component model of creativity that the text defines as personal creativity drivers in organizations is:
a) Task expertise, task motivation, creativity skills
b) Task expertise, task completion, creativity skills
c) Creativity skills, goal oriented, task completion
d) Creativity skills, task expertise, goal oriented
e) None of the above

Ans: A
Difficulty: Moderate
Ref: Issues in Managerial Decision Making

176. Situational creativity drivers in organizations where people, management, and traditional organizational environments all mix include:
a) Group creativity skills, management support, organizational culture
b) Group creativity skills, management support, heuristics
c) Management support, organizational culture, goal orientation
d) Management support, organizational culture, task expertise

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e) Group creativity skills, management support, task expertise

Ans: A
Difficulty: Easy
Ref: Issues in Managerial Decision Making

177. _____ managers and team leaders use both individual and group decision making, employing the one that best fits the problem at hand.
a) Incompetent.
b) Poorly performing.
c) Mediocre.
d) Highly competent.
e) None of the above is correct.

Ans: D
Difficulty: Easy
Ref: Issues in Managerial Decision Making

178. In the context of individual and group decision making, the "right" decision method is the one that _____.
a) Provides for a timely decision.
b) Provides for a quality decision.
c) Promotes the commitment of people who will be involved in implementing the decision.
d) A and B.
e) A, B, and C.

Ans: E
Difficulty: Moderate
Ref: Issues in Managerial Decision Making

179. The potential advantages of group decision making include all of the following EXCEPT:
a) It makes greater amounts of information, knowledge, and expertise available to solve problems.
b) It increases the number of action alternatives that are examined.
c) It increases the likelihood of minority domination.
d) It increases the understanding and acceptance of outcomes by members.
e) It increases the commitment of team members to implementing the final plans.

Ans: C
Difficulty: Moderate
Ref: Issues in Managerial Decision Making

180. The potential disadvantages of group decision making include which of the following?
a) Individual team members may feel pressure to conform to the wishes of others.
b) Minority domination may occur.
c) Decision making takes longer.

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d) All of the above are potential disadvantages of group decision making.
e) None of the above is a potential disadvantage of group decision making.

Ans: D
Difficulty: Moderate
Ref: Issues in Managerial Decision Making

181. Any decision should meet the _____.
a) Ethics double check.
b) Bounded rationality limitations.
c) Intellectual capital requirements.
d) Group decision-making criteria.
e) Creativity guidelines.

Ans: A
Difficulty: Moderate
Ref: Issues in Managerial Decision Making

182. Which of the following statement does NOT accurately describe an attribute or feature of ethical decision making?
a) The "ethics double check" should address the question: "How would I feel if my family found out about this decision?"
b) The "ethics double check" should address the question: "How would I feel if this decision were published in the local newspaper?"
c) The "ethics double check" should be done during step 3 of the decision-making process.
d) Any discomfort in answering the "ethics double check" questions signifies that the decision may have ethical shortcomings.
e) Only major managerial decisions need to meet the criteria of the "ethics double check."

Ans: E
Difficulty: Moderate
Ref: Issues in Managerial Decision Making

183. Examining the _____ a proposed decision may result in both better decisions and the prevention of costly litigation.
a) Implementation strategy for.
b) Ethics of.
c) Expected results of.
d) Required resources for.
e) Top management support for.

Ans: B
Difficulty: Easy
Ref: Issues in Managerial Decision Making

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184. Managers can proceed with confidence in implementing a decision solution when the decision meets all of the following criteria EXCEPT:
a) Utility.
b) Rights.
c) Justice.
d) Support.
e) Caring.

Ans: D
Difficulty: Moderate
Ref: Issues in Managerial Decision Making

185. Which of the following questions does NOT address the ethical criteria for decision making that managers should use?
a) Does the decision satisfy all constituents or stakeholders?
b) Does the decision respect the rights and duties of everyone?
c) Does the decision fulfill the organization's strategic objectives?
d) Is the decision consistent with the canons of justice?
e) Is the decision consistent with my responsibilities to care?

Ans: C
Difficulty: Hard
Ref: Issues in Managerial Decision Making

Essay Questions

186. What impact is the increasing use of information technology (IT) having on organizations?

Ans: The increasing use of information technology (IT) is dramatically affecting how organizations operate and how they interface with their environments. In terms of internal organizational aspects, IT has had the following effects:
- Individuals and teams can communicate more easily and can electronically share information.
- The organization can operate with fewer middle managers.
- Organizations can be flattened and operate with fewer levels of management.
- The speed of decision making can be increased.
- Coordination and control among decision makers can be increased.

In terms of relationships with their external environments, IT has helped organizations manage more effectively in the following ways:
- IT helps with customer relationship management by providing information regarding customer needs, preferences, and satisfactions.
- IT helps organizations in all aspects of supply chain management.
- IT helps organizations to monitor outsourcing and other business contracts.

Difficulty: Moderate
Ref: Information, Technology, and Management

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187. The text discusses creative decision making as more likely to occur when people involved have stronger creativity skill sets. Identify at least 6 of those skills listed.

Ans:
- Work with high energy
- Identify problems, plan, make decisions
- Hold one's ground in face of criticism
- Accept responsibility for what happens
- Be resourceful, even in difficult situations
- Be both systematic and intuitive in problem solving
- Think "outside of the box" (divergent thinking)
- Synthesize and find correct answers (convergent thinking)
- Use "lateral thinking," looking at diverse ways to solve problems
- Transfer learning from one setting to others
- "Step back," be objective, question assumptions

Difficulty: Easy
Ref: Issues in Managerial Decision Making

188. Explain how risk, certainty, and uncertainty influence the decisions that managers make.

Ans: Certainty, risk, and uncertainty represent the three decision environments within which managerial decision making and problem solving take place. Certain environments offer sufficient information about possible action alternatives and their outcomes. While this environment is ideal for decision making, very few managerial decisions actually occur in certain environments. Risk environments lack complete information about action alternatives and their consequences, but offer some estimates of probabilities associated with the potential outcomes of possible action alternatives. Uncertain environments occur when information is so poor that managers are unable even to assign probabilities to the likely outcomes of known alternatives. Risk environments and uncertain environments represent the vast majority of decision-making and problem-solving situations encountered by managers.
Difficulty: Hard
Ref: Information and Managerial Decisions

189. Apply the steps in the decision-making process to a decision that you have made or are in the process of making. By applying this model to your own decision situation, what insights do you gain regarding how effective you are as a decision maker?

Ans: Figure 6.5 from the text depicts a five-step decision-making process. These steps are described below.
- Step 1: identify and define the problem. This is a stage of information gathering, information processing, and deliberation.
- Step 2: generate and evaluate alternative solutions. Several potential solutions are formulated at this stage. More information is gathered, data are analyzed, and the advantages and disadvantages associated with possible alternative courses of action are identified.
- Step 3: choose a preferred course of action and conduct the "ethics double-check." In this step, a decision is made to pursue a particular course of action and the ethical implications of it are examined.
- Step 4: implement the action. In this step, appropriate action plans must be established and fully implemented.
- Step 5: evaluate results. Evaluation involves comparing accomplishments to objectives.

The students should evaluate their own decision situation in light of the activities that occur that each step of the above process.
Difficulty: Moderate
Ref: The Decision-Making Process

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190. How can managers ensure they are making ethical decisions?

Ans: Any decision that managers make should be ethical. Any decision that managers make should meet the "ethics double check" of Step 3 of the decision-making process. The "ethics double check" should address two spotlight questions: "How would I feel if my family found out about this decision?" and "How would I feel if this decision were published in the local newspaper?" If a manager experiences any discomfort in answering these questions honestly, the decision probably has ethical shortcomings. In addition to the two spotlight questions, managers should ask and answer the following questions:

- Does the decision satisfy all constituents or stakeholders?
- Does the decision respect the rights and duties of everyone?
- Is the decision consistent with the canons of justice?
- Is the decision consistent with my responsibilities to care?

Managers can proceed with confidence when they can answer affirmatively to these questions. Clearly, examining the ethics of a proposed decision may result in both better decisions and the prevention of costly litigation.
Difficulty: Moderate
Ref: Issues in Managerial Decision Making

191. Provide examples of the following types of decisions:
a) Programmed decisions
b) Nonprogrammed decisions
c) Crisis

Ans: a) Programmed decisions

- Absent employee
- late employee
- product return
- angry customer
- fire drill
- void the cash register

b) Nonprogrammed decisions

- customer fight
- drunk customer
- employee becoming seriously ill at work
- customer injuring themselves

c) Crisis

- bomb threat
- wildcat strike
- dangerous weather

Difficulty: Moderate
Ref: Information and Managerial Decisions

192. Information, in more general terms, is data plus conceptual commitments and interpretations. Information is frequently data extracted, filtered or formatted in some way. When is information truly useful for management and provide an example of information for a business?

Ans: Data is truly useful when it contains certain characteristics:

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Timely—the information is available when needed; it meets deadlines for decision-making and action.
High quality—the information is accurate and it is reliable; it can be used with confidence.
Complete—the information is complete and sufficient for the task at hand; it is as current and up-to-date as possible.
Relevant—the information is appropriate for the task at hand; it is free from extraneous or irrelevant materials.
Understandable—the information is clear and easily understood by the user; it is free from unnecessary detail.
Information is data that have been given meaning by way of context. A spreadsheet is often used to make information from the data stored within it. A good example would be an income statement for a business. It is still a list of dollar figures, but now it has a relevant context.
Difficulty: Moderate
Ref: Information, Technology, and Management

193. Compare and contrast the four basic types of cognitive styles. Which problem solving style is better and can team members with different problem solving styles impact on the decision making process?

Ans: The four basic types of problem-solving styles are sensation thinker (ST), sensation feeler (SF), intuitive thinker (IT), and intuitive feeler (IF).
Sensing people seek specific factual data and information from their environment, whereas intuitive people gather global or more abstract data. After gathering data, people make decisions based on their thinking or feeling. Thinking people tend to solve a problem by breaking it into logical parts and then analyzing them, whereas feeling people make decisions based on instinct.
One problem-solving style is not better than another. Many people exhibit characteristics of each style at various times and in different situations. In a project environment, it is important to achieve a balance by integrating all four psychological functions.
The particular combination of problem-solving styles of team members can affect the team process and its decisions. For example, there is likely to be more conflict and divergence in a team with three strong sensation thinkers and three intuitive feelers than if all six members have the same problem-solving style. Although different viewpoints should stimulate creativity and innovative solutions, if differences are not facilitated properly, those can also lead to conflict, which may hurt the team spirit.
Difficulty: Moderate
Ref: Information and Managerial Decisions

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Chapter 14: Motivation theory and practice

True/False

1. Two of the practical managerial questions regarding work motivation are: Why do some people work enthusiastically? Why do some people do only the minimum needed to avoid reprimand or termination?

Ans: True
Difficulty: Easy
Ref: Introduction

2. Understanding motivation and applying motivational concepts are incidental to exercising effective leadership in inspiring people to work hard.

Ans: False
Difficulty: Hard
Ref: Individual Needs and Motivation

3. An unfulfilled physiological or psychological desire is called a need.

Ans: True
Difficulty: Moderate
Ref: Individual Needs and Motivation

4. Unfulfilled needs have very little to do with a worker's attitude or behaviour.

Ans: False
Difficulty: Hard
Ref: Individual Needs and Motivation

5. According to Maslow's hierarchy of needs theory, physiological, safety, and social needs are higher-order needs.

Ans: False
Difficulty: Moderate
Ref: Individual Needs and Motivation

6. Higher-order needs are desires for psychological development and growth, and they include esteem and self-actualization needs.

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Ans: True
Difficulty: Easy
Ref: Individual Needs and Motivation

7. Maslow's progression principle holds that a need at one level does not become activated until the next lower-level need is already satisfied.

Ans: True
Difficulty: Easy
Ref: Individual Needs and Motivation

8. The more self-actualization needs that are satisfied, the stronger they are supposed to grow.

Ans: True
Difficulty: Easy
Ref: Individual Needs and Motivation

9. A person at the self-actualization level of Maslow's hierarchy will be satisfied by creative and challenging work, participation in decision making, job flexibility, and job autonomy.

Ans: True
Difficulty: Moderate
Ref: Individual Needs and Motivation

10. A person at the social level of Maslow's hierarchy will be motivated by participation in decision making.

Ans: False
Difficulty: Hard
Ref: Individual Needs and Motivation

11. Physiological needs can be fulfilled with rest, refreshment breaks, physical comfort on the job, and reasonable work hours.

Ans: True
Difficulty: Easy
Ref: Individual Needs and Motivation

12. Self-actualization needs are satisfied entirely with intrinsic rewards.

Ans: True
Difficulty: Easy
Ref: Individual Needs and Motivation

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13. Social needs are satisfied by both intrinsic and extrinsic rewards.

Ans: False
Difficulty: Moderate
Ref: Individual Needs and Motivation

14. Alderfer's ERG theory has three need categories: existence needs, relatedness needs, and growth needs.

Ans: True
Difficulty: Easy
Ref: Individual Needs and Motivation

15. ERG theory assumes that that satisfied needs lose their motivational impact.

Ans: False
Difficulty: Moderate
Ref: Individual Needs and Motivation

16. Alderfer's ERG theory assumes that a lower-level need can become reactivated when a higher-level need cannot be satisfied.

Ans: True
Difficulty: Easy
Ref: Individual Needs and Motivation

17. According to ERG theory, relatedness needs are desires for continued satisfying growth and development.

Ans: False
Difficulty: Easy
Ref: Individual Needs and Motivation

18. The frustration-regression principle of ERG theory holds that an already satisfied, lower-level need becomes reactivated and can influence behaviour when a higher-level need cannot be satisfied.

Ans: False
Difficulty: Moderate
Ref: Individual Needs and Motivation

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19. According to Herzberg's two-factor theory, a satisfier factor is found in the job itself, and includes a sense of achievement, recognition, responsibility, advancement, or personal growth.

Ans: True
Difficulty: Easy
Ref: Individual Needs and Motivation

20. In the two-factor theory of motivation, a satisfier factor is found in job context, such as working conditions, interpersonal relations, organizational policies, and salary.

Ans: False
Difficulty: Moderate
Ref: Individual Needs and Motivation

21. Herzberg's two-factor theory indicates that hygiene factors reflect the things that turn people off and refer to the work setting.

Ans: True
Difficulty: Easy
Ref: Individual Needs and Motivation

22. Herzberg's two-factor theory indicates that hygiene factors reflect the things that turn people on and contribute to job satisfaction.

Ans: False
Difficulty: Easy
Ref: Individual Needs and Motivation

23. Herzberg's advice to managers is to always correct poor context and to build satisfier factors into the job.

Ans: True
Difficulty: Moderate
Ref: Individual Needs and Motivation

24. According to McClelland's acquired needs theory, achievement, power, and affiliation needs are acquired over time as a result of individual life experiences.

Ans: True
Difficulty: Easy
Ref: Individual Needs and Motivation

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25. The need for power reflects the desire to do something better or more efficiently, to solve problems, or to master complex tasks.

Ans: False
Difficulty: Moderate
Ref: Individual Needs and Motivation

26. In McClelland's motivation theory, the need for achievement is the desire to control, influence, or be responsible for other people.

Ans: False
Difficulty: Moderate
Ref: Individual Needs and Motivation

27. According to acquired needs theory, the need for affiliation is a manifestation of the desire to establish and maintain friendly and warm relations with other people.

Ans: True
Difficulty: Easy
Ref: Individual Needs and Motivation

28. Although the need for personal power is exploitative and involves manipulation and power for the pure sake of personal gratification, it is absolutely crucial for success in management.

Ans: False
Difficulty: Moderate
Ref: Individual Needs and Motivation

29. An extremely high need for affiliation may interfere with a person's ability to make decisions with which others disagree.

Ans: True
Difficulty: Easy
Ref: Individual Needs and Motivation

30. Process theories of motivation offer advice and insight on how people actually make choices to work hard or not, based on their individual preferences, the available rewards, and possible work outcomes.

Ans: True
Difficulty: Easy
Ref: Process Theories of Motivation

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31. According to Stacy Adams, equity theory predicts that when people perceive inequity in their situation as compared to others, they may change work inputs by putting less effort into their jobs, change the rewards received by asking for better treatment, change the comparison points by finding ways to make things appear better, or change the situation by leaving the job.

Ans: True
Difficulty: Moderate
Ref: Process Theories of Motivation

32. Perceived inequity occurs whenever a person feels that the rewards received for his/her work efforts are unfair given the rewards others appear to be getting for their work efforts.

Ans: True
Difficulty: Easy
Ref: Process Theories of Motivation

33. People who feel underpaid will increase their work efforts in order to increase their compensation.

Ans: False
Difficulty: Hard
Ref: Process Theories of Motivation

34. People who feel underpaid may attempt to restore equity by increasing the quantity of work, increasing the quality of work, taking on more difficult assignments, or working overtime.

Ans: False
Difficulty: Hard
Ref: Process Theories of Motivation

35. Managers can do little to anticipate negative inequities even though equity comparisons are likely whenever rewards such as monetary incentives or pay increases are allocated.

Ans: False
Difficulty: Hard
Ref: Process Theories of Motivation

36. Managers should carefully communicate an evaluation of the reward being given and the performance on which it is based.

Ans: True
Difficulty: Hard
Ref: Process Theories of Motivation

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37. Perceptions of rewards in a social context, not the absolute value of the rewards, determine motivational outcomes.

Ans: True
Difficulty: Easy
Ref: Process Theories of Motivation

38. Managers should ensure that any negative consequences of the equity comparison are avoided, or at least minimized, when rewards are allocated.

Ans: True
Difficult: Easy
Ref: Process Theories of Motivation

39. In Victor Vroom's expectancy theory of motivation, expectancy refers to the person's belief that working hard will result in achieving a desired level of task performance.

Ans: True
Difficulty: Easy
Ref: Process Theories of Motivation

40. In the expectancy theory of motivation, the person's belief that successful performance will be followed by rewards or other potential outcomes is called instrumentality.

Ans: True
Difficulty: Easy
Ref: Process Theories of Motivation

41. In the expectancy theory of motivation, the value the individual assigns to possible rewards and other work-related outcomes is called valence.

Ans: True
Difficulty: Easy
Ref: Process Theories of Motivation

42. The equation "Motivation = expectancy x instrumentality x valence" represents the relationships among the key variables in the expectancy theory of motivation.

Ans: True
Difficulty: Easy
Ref: Process Theories of Motivation

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43. According to expectancy theory, motivation will suffer when expectancy is high and instrumentality and valence are low; or when valence is high and expectancy and instrumentality are low; or when expectancy, instrumentality, and valence are all low.

Ans: True
Difficulty: Moderate
Ref: Process Theories of Motivation

44. To make the most of the expectancy theory of motivation, managers should focus on group needs rather than individual thought processes.

Ans: False
Difficulty: Hard
Ref: Process Theories of Motivation

45. The basic premise of the goal-setting theory is that task goals can be highly motivating if they are properly set and are well managed.

Ans: True
Difficulty: Easy
Ref: Process Theories of Motivation

46. The basic premise of goal-setting theory is that supervisors do a better job of setting goals than subordinates do.

Ans: False
Difficulty: Moderate
Ref: Process Theories of Motivation

47 In terms of participation, MBO is useful because it brings supervisors and subordinates together in a participative process of goal setting and performance review.

Ans: True
Difficulty: Easy
Ref: Process Theories of Motivation

48. To achieve motivational benefits of goal setting, Locke recommends goal specificity, goal difficulty, goal acceptance, and goal commitment.

Ans: True
Difficulty: Easy
Ref: Process Theories of Motivation

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49. Workers will respond positively to externally imposed goals if the supervisors assigning them are trusted and workers believe they will be adequately supported in their efforts to achieve the goals.

Ans: True
Difficulty: Easy
Ref: Process Theories of Motivation

50. In using goal setting theory, managers should separate rewards from goal accomplishment.

Ans: False
Difficulty: Moderate
Ref: Process Theories of Motivation

51. Self-efficacy is a person's belief that he or she is capable of performing a task.

Ans: True
Difficulty: Easy
Ref: Process Theories of Motivation

52. Self-efficacy theory is also called social learning theory.

Ans: True
Difficulty: Moderate
Ref: Process Theories of Motivation

53. Using terms like confidence, competence and ability with subordinates indicates a manager is a proponent of self-efficacy theory.

Ans: True
Difficulty: Moderate
Ref: Process Theories of Motivation

54. Utilizing a strategy which attempts to boost confidence, competence and ability in subordinates does not indicate a manager's belief in social learning theory.

Ans: False
Difficulty: Moderate
Ref: Process Theories of Motivation

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55. Doing anything that may boost the feelings of confidence, competence, and ability among people is likely to result in increased levels of motivation in those people according to the self-efficacy theory.

Ans: True
Difficulty: Moderate
Ref: Process Theories of Motivation

56. According to Fred Luthans and his colleagues, positive psychological capital is composed of high personal confidence and self-efficacy in working on a task.

Ans: True
Difficulty: Moderate
Ref: Process Theories of Motivation

57. An individual's positive psychological state of development is called social capital.

Ans: False
Difficulty: Easy
Ref: Process Theories of Motivation

58. The Gallup Leadership Institute says that psychological capital deals with "who you are" and "who you are becoming" rather than "what you know" and 'who you know."

Ans: True
Difficulty: Hard
Ref: Process Theories of Motivation

59. The Gallup Leadership Institute says that human capital is "what you know" and social capital is "who you know."

Ans: True
Difficulty: Hard
Ref: Process Theories of Motivation

60. The essence of self-efficacy theory is that, when people believe themselves to be capable, they are more motivated to work at a task.

Ans: True
Difficulty: Hard
Ref: Process Theories of Motivation

61. Managers who help create feelings of self-efficacy in others have very little effect on motivation to work.

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Ans: False
Difficulty: Hard
Ref: Process Theories of Motivation

62. There is no link between the ideas and theories of Bandura, Vroom and Locke relative to self-efficacy theory.

Ans: False
Difficulty: Hard
Ref: Process Theories of Motivation

63. According to Bandura's work, there are four ways to enhance self-efficacy; enactive mastery, vicarious modeling, verbal persuasion, and emotional arousal.

Ans: True
Difficulty: Easy
Ref: Process Theories of Motivation

64. The more you work at a task, the more your experience builds and the more confident you become at doing it. This would be a way to build self-efficacy called enactive mastery.

Ans: True
Difficulty: Moderate
Ref: Process Theories of Motivation

65. When we watch someone who is good at a task, we are able to observe how they do it and therefore gain confidence in being able to do it ourselves. This illustrates the self-efficacy building technique called vicarious modeling.

Ans: True
Difficulty: Moderate
Ref: Process Theories of Motivation

66. When others praise our efforts and link those efforts with performance successes, high motivation often results in an individual. This is the self-efficacy building technique called verbal persuasion.

Ans: True
Difficulty: Moderate
Ref: Process Theories of Motivation

67. Getting 'psyched up" and highly motivated to perform in key competitions is the way to build self-efficacy called emotional arousal.

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Ans: True
Difficulty: Moderate
Ref: Process Theories of Motivation

68. Reinforcement theory considers environmental consequences to be the most important factor that influences human behaviour.

Ans: True
Difficulty: Easy
Ref: Reinforcement Theory

69. Reinforcement theory considers the level of need satisfaction that is associated with a reward to be the most important factor that influences human behaviour.

Ans: False
Difficulty: Moderate
Ref: Reinforcement Theory

70. According to the law of effect, behaviour that results in pleasant outcomes is likely to be repeated, and behaviour that results in unpleasant outcomes is not likely to be repeated.

Ans: True
Difficulty: Easy
Ref: Reinforcement Theory

71. The law of effect states that the effects of an environmental response can be determined by monitoring behaviours.

Ans: False
Difficulty: Moderate
Ref: Reinforcement Theory

72. Operant conditioning is the process of applying the law of effect to control behaviour by manipulating its consequences.

Ans: True
Difficulty: Easy
Ref: Reinforcement Theory

73. An operant conditioning strategy designed to strengthen or increase the frequency of a behaviour by making a pleasant consequence contingent on the occurrence of the behaviour is called positive reinforcement.

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Ans: True
Difficulty: Easy
Ref: Reinforcement Theory

74. An operant conditioning strategy designed to strengthen or increase the frequency of a behaviour by making the avoidance of an unpleasant consequence contingent on the occurrence of the behaviour is called punishment.

Ans: False
Difficulty: Moderate
Ref: Reinforcement Theory

75. A manager who has been nagging a worker every day about tardiness and doesn't nag when the worker comes to work on time one day is using negative reinforcement.

Ans: True
Difficulty: Moderate
Ref: Reinforcement Theory

76. An operant conditioning strategy designed to eliminate or decrease the frequency of a behaviour by making an unpleasant consequence contingent on the occurrence of the behaviour is called negative reinforcement.

Ans: False
Difficulty: Moderate
Ref: Reinforcement Theory

77. The law of contingent reinforcement advises managers to give rewards only if the desired behaviour is exhibited.

Ans: True
Difficulty: Easy
Ref: Reinforcement Theory

78. The law of contingent reinforcement advises managers to give rewards as soon as possible following the occurrence of a desirable behaviour.

Ans: False
Difficulty: Moderate
Ref: Reinforcement Theory

79. The law of immediate reinforcement advises managers to use both punishment and positive reinforcement to gain maximum impact on behaviour.

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Ans: False
Difficulty: Moderate
Ref: Reinforcement Theory

80. To use positive reinforcement effectively, managers should recognize individual differences in allocating rewards and inform everyone what must be done to get rewards.

Ans: True
Difficulty: Moderate
Ref: Reinforcement Theory

81. The creation of a new behaviour by the positive reinforcement of successive approximations to the desired behaviour is called progression.

Ans: False
Difficulty: Moderate
Ref: Reinforcement Theory

82. Continuous reinforcement administers a reward each time a desired behaviour occurs.

Ans: True
Difficulty: Easy
Ref: Reinforcement Theory

83. Intermittent reinforcement rewards behaviour only periodically.

Ans: True
Difficulty: Easy
Ref: Reinforcement Theory

84. Clearly identifying work behaviours and maintaining a diverse inventory of rewards are two examples of positive reinforcement.

Ans: True
Difficulty: Moderate
Ref: Reinforcement Theory

85. To use punishment effectively, managers should tell the individual what is being done wrong but not what is being done right.

Ans: False

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Difficulty: Hard
Ref: Reinforcement Theory

86. To use punishment effectively, managers should punish openly and in public.

Ans: False
Difficulty: Hard
Ref: Reinforcement Theory

87. To use punishment effectively, managers should make sure the punishment matches the behaviour.

Ans: True
Difficulty: Moderate
Ref: Reinforcement Theory

88. A manager can punish an employee by administering an unpleasant outcome, such as a verbal reprimand, pay reduction, or demotion.

Ans: True
Difficulty: Moderate
Ref: Reinforcement Theory

89. Job design is the process of creating or defining jobs by assigning specific tasks to individuals and groups.

Ans: True
Difficulty: Easy
Ref: Motivation and Job Design

90. Job design creates a work structure for bureaucratic organizations and identifies key individuals for specific tasks.

Ans: False
Difficulty: Moderate
Ref: Motivation and Job Design

91. The job design approach that involves standardizing work procedures so that people work in well-defined and highly specialized tasks is known as job simplification.

Ans: True
Difficulty: Easy
Ref: Motivation and Job Design

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92. Automation refers to the total mechanization of a job.

Ans: True
Difficulty: Easy
Ref: Motivation and Job Design

93. Job simplification has the advantages of workers being easier to train, supervise, and replace since the jobs do not require complex skills.

Ans: True
Difficulty: Easy
Ref: Motivation and Job Design

94. The potential disadvantages of job simplification tardiness and absenteeism, boredom with tasks, alienation from work, and poor performance.

Ans: True
Difficulty: Easy
Ref: Motivation and Job Design

95. The job design strategy that increases task variety by periodically shifting workers among jobs involving different task assignments is called job enlargement.

Ans: False
Difficulty: Moderate
Ref: Motivation and Job Design

96. Job rotation can broaden people's understanding of different jobs and enable workers to experience greater task variety.

Ans: True
Difficulty: Easy
Ref: Motivation and Job Design

97. Vertical loading involves pulling prework and/or later work stages into the job in order to enlarge the job.

Ans: False
Difficulty: Moderate
Ref: Motivation and Job Design

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98. Job enlargement is the practice of building more opportunities for satisfaction into a job by expanding its content to include work planning and evaluating duties that are normally performed by the supervisor.

Ans: False
Difficulty: Moderate
Ref: Motivation and Job Design

99. The modified assembly-line job, which allows a worker to perform a greater number of tasks and periodically change with other workers, illustrates the job design strategies of job rotation and job enlargement.

Ans: True
Difficulty: Moderate
Ref: Motivation and Job Design

100. In promoting job enrichment, Frederick Herzberg says: "If you want people to do a good job, give them a good job to do."

Ans: True
Difficulty: Easy
Ref: Motivation and Job Design

101. Changes in a job that are designed to increase job depth are sometimes called horizontal loading.

Ans: False
Difficulty: Moderate
Ref: Motivation and Job Design

102. Enriching jobs through vertical loading can be accomplished by ensuring that people understand their performance accountability and by providing them with performance feedback.

Ans: True
Difficulty: Easy
Ref: Motivation and Job Design

103. Enriching jobs through vertical loading can be accomplished by allowing people to do complete units of work, removing controls that limit people's discretion in their work, granting employees authority to make decisions regarding their work, and providing performance feedback.

Ans: True
Difficulty: Easy
Ref: Motivation and Job Design

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104. According to J. Richard Hackman, skill variety, task identity, task significance, autonomy, and feedback from the job are 5 core job characteristics of an enriched job.

Ans: True
Difficulty: Easy
Ref: Motivation and Job Design

105. People who respond most favourably to enriched jobs have strong lower order needs.

Ans: False
Difficulty: Moderate
Ref: Motivation and Job Design

106. Establishing client relationships, forming natural work units, opening feedback channels, practicing vertical loading, and combining tasks are ways of improving one or more of the core job characteristics.

Ans: True
Difficulty: Moderate
Ref: Motivation and Job Design

107. The changing content and context of jobs and the needs and interests of a diverse workforce are creating pressure for the development of alternative work arrangements in the modern workplace.

Ans: True
Difficulty: Easy
Ref: Motivation and Job Design

108. Compressed workweeks, flexible working hours, job sharing, telecommuting, and part-time work are forms of alternative work arrangements.

Ans: True
Difficulty: Easy
Ref: Motivation and Job Design

109. Any work schedule that allows a full-time job to be completed in less than the standard five days of eight-hour shifts is known as the compressed workweek.

Ans: True
Difficulty: Easy
Ref: Motivation and Job Design

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110. The most common form of flexible working hours is a "4-40" schedule — that is, 40 hours of work accomplished in four 10-hour days.

Ans: False
Difficulty: Hard
Ref: Motivation and Job Design

111. Potential disadvantages of the compressed workweek for individuals include increased fatigue and family adjustment problems.

Ans: True
Difficulty: Easy
Ref: Motivation and Job Design

112. The benefits of the compressed workweek for the organization include lower absenteeism and possible improved performance.

Ans: True
Difficulty: Easy
Ref: Motivation and Job Design

113. A company that requires employees to be at work between 9:30 a.m. and 3:30 p.m. but allows them to schedule their remaining work day to fit personal needs is using flexible working hours.

Ans: True
Difficulty: Moderate
Ref: Motivation and Job Design

114. Flexible working hours usually result in greater autonomy for individuals with respect to their work schedules, along with a greater opportunity to them to take care of personal affairs.

Ans: True
Difficulty: Easy
Ref: Motivation and Job Design

115. Flexible working hours usually result in greater absenteeism and tardiness.

Ans: False
Difficulty: Moderate
Ref: Motivation and Job Design

116. Flexible working hours usually result in a positive attitude toward the organization and higher job performance.

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Ans: True
Difficulty: Easy
Ref: Motivation and Job Design

117. Job sharing involves a work schedule wherein one full-time job is split between two or more persons.

Ans: True
Difficulty: Easy
Ref: Motivation and Job Design

118. When employees in an organization agree to cut back on their work hours so everyone can keep their jobs during a pending layoff, they are using the alternative work arrangement of work sharing.

Ans: True
Difficulty: Easy
Ref: Motivation and Job Design

119. As a result of work sharing, employees whose seniority would protect them from layoffs will lose some income and employees who otherwise would be laid off will continue to work but with reduced earnings.

Ans: True
Difficulty: Easy
Ref: Motivation and Job Design

120. Telecommuting is a work arrangement that allows at least a portion of scheduled work hours to be completed outside of the office.

Ans: True
Difficulty: Easy
Ref: Motivation and Job Design

121. Virtual offices include everything from an office at home to mobile workspaces in automobiles.

Ans: True
Difficulty: Easy
Ref: Motivation and Job Design

122. Telecommuting frees the jobholder from the normal constraints of commuting, fixed hours, special work attire, and even direct contact with supervisors.

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Ans: True
Difficulty: Easy
Ref: Motivation and Job Design

123. Potential disadvantages of telecommuting include freedom from the constraints of commuting and fixed hours, increased productivity, being one's own boss, and having more personal time.

Ans: False
Difficulty: Moderate
Ref: Motivation and Job Design

124. Workers can make telecommuting effective by avoiding human contact.

Ans: False
Difficulty: Moderate
Ref: Motivation and Job Design

125. Workers can make telecommuting effective by limiting nonwork distractions and establishing positive routines and work habits.

Ans: True
Difficulty: Easy
Ref: Motivation and Job Design

126. Employees who are employed on a part-time and temporary basis to supplement a permanent workforce are called contingency workers.

Ans: True
Difficulty: Easy
Ref: Motivation and Job Design

127. Contingency workers now constitute approximately 50 percent of the American workforce.

Ans: False
Difficulty: Moderate
Ref: Motivation and Job Design

128. The use of contingency workers has grown dramatically because they are just as committed to their employers as permanent workers are and they significantly improve productivity.

Ans: False

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Difficulty: Moderate
Ref: Motivation and Job Design

129. Contingency workers are often paid less and they typically fail to receive important benefits.

Ans: True
Difficulty: Easy
Ref: Motivation and Job Design

130. There are five core job characteristics in the model by Hackman and associates: skill variety, task identity, task significance, autonomy, and feedback.

Ans: True
Difficulty: Easy
Ref: Motivation and Job Design

131. The five core job characteristics identified in the Hackman and associates model will affect all people in the same way.

Ans: False
Difficulty: Moderate
Ref: Motivation and Job Design

132. In those situations when job enrichment is a good choice, Hackman and associates recommend five ways to improve the core job characteristics; form natural units of work, combine tasks, establish client relationships, open feedback channels, and practice vertical loading.

Ans: True
Difficulty: Moderate
Ref: Motivation and Job Design

133. Job enrichment utilizing the key elements of the job characteristics model of Hackman and associates will not make a job vertically bigger.

Ans: False
Difficulty: Hard
Ref: Motivation and Job Design

Multiple-Choice

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134. Which of the following are practical managerial questions regarding work motivation?
a) Why do some people work enthusiastically?
b) Why do some people do only the minimum needed to avoid reprimand or termination?
c) How can a team leader or manager build a high-performance work setting?
d) What can be done to ensure that everyone achieves the highest possible performance every workday?
e) A, B & D.

Ans: E
Difficulty: Moderate
Ref: Introduction

135. _____ refer(s) to forces within the individual that account for the level, direction, and persistence of effort expended at work.
a) Work desire.
b) Motivation.
c) Job preferences.
d) Job expectations.
e) Career aspiration.

Ans: B
Difficulty: Easy
Ref: Individual Needs and Motivation

136. Which of the following statements about the implications of motivation is incorrect?
a) Understanding motivation and applying motivational concepts are incidental to exercising effective leadership in inspiring people to work hard.
b) A highly motivated person works hard at a job.
c) An unmotivated person does not work hard at a job.
d) A highly motivated workforce is essential for organizations to consistently achieve high-performance outcomes.
e) A manager who leads through motivation creates conditions under which other people are consistently inspired to work hard.

Ans: A
Difficulty: Hard
Ref: Individual Needs and Motivation

137. A(n) _____ is an unfulfilled physiological or psychological desire.
a) Need
b) Career
c) Attitude
d) Reward
e) Job

Ans: A
Difficulty: Easy
Ref: Individual Needs and Motivation

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138. Physiological, safety, and social needs are _____, according to Maslow's hierarchy of needs theory.
a) Survival order needs.
b) Lower-order needs.
c) Higher-order needs.
d) Superior needs.
e) Inferior needs.

Ans: B
Difficulty: Easy
Ref: Individual Needs and Motivation

139. Higher-order needs include _____ needs.
a) Esteem and social.
b) Respect and safety.
c) Social and self-actualization.
d) Recognition and social.
e) Esteem and self-actualization.

Ans: E
Difficulty: Easy
Ref: Individual Needs and Motivation

140. _____ are desires for psychological development and growth.
a) Lower-order needs
b) Extrinsic rewards
c) Higher-order needs
d) A and B
e) A and C

Ans: C
Difficulty: Easy
Ref: Individual Needs and Motivation

141. In Maslow's hierarchy of needs theory, the_____ principle holds that a satisfied need is not a motivator of behaviour.
a) Process.
b) Progression.
c) Deficit.
d) Hygiene.
e) Expectancy

Ans: C
Difficulty: Moderate
Ref: Individual Needs and Motivation

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142. Maslow's _____ holds that a need at one level does not become activated until the next lower-level need is already satisfied.
a) Reinforcement principle
b) Satisfier principle
c) Deficit principle
d) Progression principle
e) Hierarchy principle

Ans: D
Difficulty: Moderate
Ref: Individual Needs and Motivation

143. A person at the social level of Maslow's hierarchy will be motivated by _____.
a) A compatible supervisor.
b) Merit pay increases.
c) Participation in decision making.
d) Job security.
e) Good fringe benefits.

Ans: A
Difficulty: Easy
Ref: Individual Needs and Motivation

144. Safety needs can be fulfilled with all of the following outcomes EXCEPT:
a) Job security.
b) Base compensation.
c) Benefits.
d) Praise and recognition.
e) Safe working conditions.

Ans: D
Difficulty: Moderate
Ref: Individual Needs and Motivation

145. Physiological needs can be fulfilled with all of the following outcomes EXCEPT:
a) Rest.
b) Refreshment breaks.
c) Safe working conditions
d) Physical comfort on the job.
e) Reasonable work hours.

Ans: C
Difficulty: Moderate
Ref: Individual Needs and Motivation

146. Which of the following is an incorrect description of need satisfaction in Maslow's hierarchy?

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a) Self-actualization needs are satisfied entirely with intrinsic rewards.
b) Esteem needs are satisfied by both intrinsic and extrinsic rewards.
c) Social needs are satisfied by both intrinsic and extrinsic rewards.
d) Safety needs are satisfied entirely by extrinsic rewards.
e) Physiological needs are satisfied entirely by extrinsic rewards.

Ans: C
Difficulty: Moderate
Ref: Individual Needs and Motivation

147. The needs contained in Alderfer's ERG theory of motivation include _____.
a) Desires for physiological and material well-being.
b) Desires for satisfying interpersonal relationships.
c) Desires for continued psychological growth and development.
d) All of the above.
e) None of the above.

Ans: D
Difficulty: Easy
Ref: Individual Needs and Motivation

148. According to ERG theory, _____ are desires for physiological and material well-being.
a) Existence needs.
b) Esteem needs.
c) Relatedness needs.
d) Growth needs.
e) Developmental needs.

Ans: A
Difficulty: Easy
Ref: Individual Needs and Motivation

149. According to ERG theory, _____ are desires for satisfying interpersonal relationships.
a) Existence needs.
b) Esteem needs.
c) Relatedness needs.
d) Growth needs.
e) Developmental needs.

Ans: C
Difficulty: Easy
Ref: Individual Needs and Motivation

150. The _____ of ERG theory holds that an already satisfied, lower-level need becomes reactivated and can influence behaviour when a higher-level need cannot be satisfied.
a) Frustration-regression principle.

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b) Deficit principle.
c) Progression principle.
d) Law of effect.
e) Contingency principle.

Ans: A
Difficulty: Easy
Ref: Individual Needs and Motivation

151. In the two-factor theory of motivation, a _____ is found in job content, such as a sense of achievement, recognition, responsibility, advancement, or personal growth.
a) Growth factor
b) Satisfier factor
c) Hygiene factor
d) Achievement factor
e) Relatedness factor

Ans: B
Difficulty: Easy
Ref: Individual Needs and Motivation

152. In the two-factor theory of motivation, a _____ is found in job context, such as working conditions, interpersonal relations, organizational policies, and salary.
a) Existence factor.
b) Satisfier factor.
c) Hygiene factor.
d) Affiliation factor.
e) Relatedness factor.

Ans: C
Difficulty: Easy
Ref: Individual Needs and Motivation

153. All the following statements accurately describe Herzberg's hygiene factors EXCEPT:
a) Hygiene reflects the things that turn people off.
b) Hygiene refers to the work setting.
c) Hygiene prevents job dissatisfaction from occurring.
d) Hygiene contributes to job satisfaction.
e) Hygiene includes working conditions, interpersonal relations, organizational policies, and salary.

Ans: D
Difficulty: Moderate
Ref: Individual Needs and Motivation

154. Which of the following items does NOT accurately describe satisfier factors in the two-factor theory?
a) Satisfiers reflect the things that turn people on.

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b) Satisfiers refer to the nature of the job itself.
c) Satisfiers prevent job dissatisfaction from occurring.
d) Satisfiers contribute to job satisfaction.
e) Satisfiers include a sense of achievement, recognition, responsibility, advancement, or personal growth.

Ans: C
Difficulty: Moderate
Ref: Individual Needs and Motivation

155. In Herzberg's two-factor theory, hygiene factors involve _____ and affect _____.
a) Job content … job satisfaction.
b) Job content … job dissatisfaction.
c) Job context … job satisfaction.
d) Job context … job dissatisfaction.
e) Both job context and content … both job satisfaction and dissatisfaction.

Ans: D
Difficulty: Moderate
Ref: Individual Needs and Motivation

156. From a practical perspective, the two-factor theory suggests that managers should _____.
a) Pay attention to both context and content.
b) Always correct poor job context to eliminate any actual or potential sources of job dissatisfaction.
c) Build satisfier factors into job content to maximize opportunities for job satisfaction.
d) B and C.
e) A, B, and C.

Ans: E
Difficulty: Moderate
Ref: Individual Needs and Motivation

157. According to McClelland's acquired needs theory, the need for _____ reflects the desire to do something better or more efficiently, to solve problems, or to master complex tasks.
a) Power.
b) Affiliation.
c) Self-actualization.
d) Achievement.
e) Growth.

Ans: D
Difficulty: Easy
Ref: Individual Needs and Motivation

158. In McClelland's motivation theory, the need for _____ is the desire to control, influence, or be responsible for other people.
a) Growth.

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b) Self-actualization.
c) Achievement.
d) Affiliation.
e) Power.

Ans: E
Difficulty: Easy
Ref: Individual Needs and Motivation

159. According to acquired needs theory, the need for _____ is a manifestation of the desire to establish and maintain friendly and warm relations with other people.
a) Affiliation.
b) Power.
c) Social belonging.
d) Esteem.
e) Achievement.

Ans: A
Difficulty: Easy
Ref: Individual Needs and Motivation

160. Which of the following descriptions of the need for power is NOT accurate?
a) The need for personal power is exploitative and involves manipulation and power for the pure sake of personal gratification.
b) The need for personal power is crucial for success in management.
c) The need for social power involves using power in socially responsible ways and is directed toward group or organizational objectives rather than personal objectives.
d) The need for social power is essential to managerial leadership.
e) People high in the need for power prefer work that involves control over other persons, has an impact on people and events, and brings public recognition and attention.

Ans: B
Difficulty: Moderate
Ref: Individual Needs and Motivation

161. _____ offer advice and insight on how people actually make choices to work hard or not, based on their individual preferences, the available rewards, and possible work outcomes.
a) Content theories of motivation.
b) Process theories of motivation.
c) Decision making theories.
d) Behavioural planning theories.
e) Leadership theories.

Ans: B
Difficulty: Easy
Ref: Process Theories of Motivation

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162. Which statement about the equity theory of motivation is incorrect?
a) It is a content theory of motivation.
b) It is best known through the work of J. Stacy Adams.
c) Its essence is that perceived inequity is a motivating state.
d) It holds that people try to resolve the inequities they perceive they are experiencing.
e) It holds that people who feel underpaid will reduce their work efforts to compensate for missing rewards.

Ans: A
Difficulty: Moderate
Ref: Process Theories of Motivation

163. Kathy notices that most of her coworkers take extended lunch breaks. Kathy doesn't do this, but feels she is therefore justified in working a little less hard during the day. Kathy's decision to work "less hard" is best explained by the _____ theory of motivation.
a) Expectancy.
b) Equity.
c) Two-factor.
d) Goal-setting.
e) Acquired needs.

Ans: B
Difficulty: Hard
Ref: Process Theories of Motivation

164. According to the equity model of motivation, which of the following is incorrect?
a) Perceived inequity occurs whenever a person feels that the rewards received for his/her work efforts are unfair given the rewards others appear to be getting for their work efforts.
b) Perceived equity occurs whenever a person perceives that his/her personal rewards/inputs ratio is equivalent to the rewards/inputs ratio of a comparison other.
c) People who feel underpaid will increase their work efforts in order to increase their compensation.
d) People who feel underpaid experience a sense of anger.
e) People who feel overpaid experience a sense of guilt.

Ans: C
Difficulty: Hard
Ref: Process Theories of Motivation

165. People who feel overpaid may attempt to restore equity by doing all of the following EXCEPT:
a) Increasing the quantity of work.
b) Increasing the quality of work.
c) Transferring to another job.
d) Taking on more difficult assignments.
e) Working overtime.

Ans: C
Difficulty: Moderate
Ref: Process Theories of Motivation

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166. Which statement about the equity theory of motivation is inaccurate?
a) Equity comparisons are likely whenever rewards such as monetary incentives or pay increases are allocated.
b) A manager can do little to anticipate negative inequities.
c) Rewards perceived as equitably administered can foster positive job performance.
d) Feelings of inequity are determined solely by the individual receiving the rewards, not by the manager.
e) Managers should carefully communicate an evaluation of the reward being given and the performance on which it is based, and should suggest appropriate comparison points.

Ans: B
Difficulty: Hard
Ref: Process Theories of Motivation

167. _____ argues that work motivation is determined by individual beliefs regarding effort-performance relationships and the desirability of possible rewards and other work-related outcomes.
a) Equity theory.
b) Goal-setting theory.
c) Process theory.
d) Expectancy theory.
e) Content theory.

Ans: D
Difficulty: Easy
Ref: Process Theories of Motivation

168. In Victor Vroom's expectancy theory of motivation, _____ refers to the person's belief that working hard will result in achieving a desired level of task performance.
a) Instrumentality.
b) Valence.
c) Expectancy.
d) The multiplier effect.
e) Comparable worth.

Ans: C
Difficulty: Easy
Ref: Process Theories of Motivation

169. In the expectancy theory of motivation, the person's belief that successful performance will be followed by rewards or other potential outcomes is called _____.
a) Instrumentality.
b) Valence.
c) Expectancy.
d) The multiplier effect.
e) Comparable worth.

Ans: A

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Difficulty: Easy
Ref: Process Theories of Motivation

170. In the expectancy theory of motivation, the value the individual assigns to possible rewards and other work-related outcomes is called _____.
a) Instrumentality.
b) Valence.
c) Expectancy.
d) The multiplier effect.
e) Comparable worth.

Ans: B
Difficulty: Easy
Ref: Process Theories of Motivation

171. Which of the following relationships is correct as a statement of Vroom's expectancy theory of motivation?
a) Motivation = expectancy x instrumentality x valence.
b) Motivation = expectancy x equity x rewards.
c) Motivation = expectancy + equity + rewards.
d) Motivation = expectancy x rewards x valence.
e) Motivation = expectancy + rewards + valence.

Ans: A
Difficulty: Moderate
Ref: Process Theories of Motivation

172. The expectancy theory of motivation predicts that a person will be motivated to work hard when _____.
a) Expectancy is high and instrumentality and valence are low.
b) Instrumentality is high and expectancy and valence are low.
c) Valence is high and expectancy and instrumentality are low.
d) Expectancy, instrumentality, and valence are all high.
e) Expectancy or instrumentality or valence equals zero.

Ans: D
Difficulty: Easy
Ref: Process Theories of Motivation

173. The basic premise of the goal-setting theory is that _____.
a) Supervisors do a better job of setting goals than subordinates do.
b) Tasks should be viewed as goals in and of themselves.
c) Tasks should be separated from goals.
d) Task goals can be highly motivating if they are properly set and are well managed.
e) Task goals can be very intimidating and are the cause of low levels of motivation.

Ans: D
Difficulty: Easy

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Ref: Process Theories of Motivation

174. _____ provide direction to people in their work, clarify performance expectations, establish a frame of reference for feedback, and provide a foundation for behavioural self-management.
a) Expectancies.
b) Instrumentalities.
c) Task goals.
d) Equity comparisons.
e) Reinforcers.

Ans: C
Difficulty: Easy
Ref: Process Theories of Motivation

175. Edwin Locke believes that goal setting can enhance individual work performance for all of the following reasons EXCEPT:
a) Goals can clarify performance expectations between supervisor and subordinate, among co-workers, and across organizational subunits.
b) Goals give direction to people in their work.
c) Goals can clarify performance expectations between competing organizations.
d) Goals can establish a frame of reference for task feedback.
e) Goals provide a foundation for behavioural self-management.

Ans: C
Difficulty: Moderate
Ref: Process Theories of Motivation

176. _____ is one example of a goal-setting system that promotes participation.
a) Expectation formation.
b) Management by objectives.
c) Operant conditioning.
d) Organizational behaviour modification.
e) The integrated motivation model.

Ans: B
Difficulty: Easy
Ref: Process Theories of Motivation

177. Which of the following statements about participation in goal setting is/are accurate?
a) Participation allows for increased understanding of specific and difficult goals.
b) Participation provides for greater acceptance of and commitment to goals.
c) Workers will respond positively to externally imposed goals if the supervisors assigning them are trusted and workers believe they will be adequately supported in their efforts to achieve the goals.
d) A and B.
e) A, B, and C.

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Ans: E
Difficulty: Moderate
Ref: Process Theories of Motivation

178. What is another name for self-efficacy theory?
a) Social learning Theory
b) Maslow's Hierarchy of Needs Theory
c) Alderfer's ERG Theory
d) The interactive Social Contract Theory

Ans: A
Difficulty: Easy
Ref: Process Theories of Motivation

179. Terms such as confidence, competence and ability are closely associated with the theory of:
a) Herzberg's Two-factor Theory
b) Blake-Mouton Managerial Grid
c) Self-efficacy Theory
d) William's Theory of Self

Ans: C
Difficulty: Moderate
Ref: Process Theories of Motivation

180. Which of the following is likely to pay off with increased levels of motivation in subordinates from a manager's perspective?
a) Boosting feelings of self-confidence in subordinates
b) Praising an employee's job competence
c) Praising an employee's job abilities
d) All of the above
e) None of the above

Ans: D
Difficulty: Hard
Ref: Process Theories of Motivation

181. Psychological capital or PsyCap is defined as:
a) The efforts expended to do a job well or "the price of admission"
b) An individual's positive psychological state of development
c) "What you know"
d) "Who you know"

Ans: B
Difficulty: Moderate
Ref: Process Theories of Motivation

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182. PsyCap, the individual's positive psychological state of development, is composed of:
a) Faith, hope and charity
b) Optimism, pessimism and indifference
c) Efficiency and effectiveness
d) Efficacy, optimism, hope and resiliency
e) None of the above

Ans: D
Difficulty: Hard
Ref: Process Theories of Motivation

183. The essence of self-efficacy theory is that:
a) When people don't believe in themselves, they quit working but try harder to cover it up
b) When people believe themselves to be capable, they will be more motivated to work hard
c) at a task
d) When managers are autocratic, the workforce productivity improves
e) When people believe in themselves, they are motivated to ask for a raise

Ans: B
Difficulty: Moderate
Ref: Process Theories of Motivation

184. According to Bandura,
a) Self-efficacy is an undifferentiated feeling of confidence in one's ability to perform a task
b) Self-efficacy is NOT an undifferentiated feeling of confidence in one's ability to perform a task
c) Self-efficacy is not a theory in which he believes
d) Is only relative to assembly line situations

Ans: B
Difficulty: Hard
Ref: Process Theories of Motivation

185. According to Bandura, self-efficacy is:
a) A capability-specific belief in one's competency to perform a task
b) A dangerous trait to develop in people
c) An efficiency based method to enhance budget overruns
d) An academic aberration only seen in experiments

Ans: A
Difficulty: Hard
Ref: Process Theories of Motivation

186. The more you work at a task, the more your experience builds and the more confident you become at doing it is a self-efficacy enhancement method called:

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a) Practicality
b) Enactive Mastery
c) Vicarious Modeling
d) Feedback

Ans: B
Difficulty: Moderate
Ref: Process Theories of Motivation

187. Learning by observing others is a self-efficacy enhancement method called:
a) The Copy Cat Theory
b) Emotional Arousal
c) Vicarious Modeling
d) Relativity Theory

Ans: C
Difficulty: Moderate
Ref: Process Theories of Motivation

188. Someone encourages us to perform a task. This is the self-efficacy enhancement method called:
a) Verbal Abuse
b) Vicarious modeling
c) Emotional Arousal
d) Verbal Persuasion

Ans: D
Difficulty: Moderate
Ref: Process Theories of Motivation

189. Getting ourselves highly stimulated or energized to perform well in a situation is the self-efficacy enhancement method called:
a) Enactive mastery
b) Vicarious Modeling
c) Verbal Persuasion
d) Emotional Arousal

Ans: D
Difficulty: Moderate
Ref: Process Theories of Motivation

190. Reinforcement theory considers _____ to be the most important factor that influences human behaviour.
a) Environmental consequences.
b) The perceived equity of rewards.
c) The level of need satisfaction that is associated with a reward.
d) The desire to maximize expectancies.
e) Valence of rewards.

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Ans: A
Difficulty: Easy
Ref: Reinforcement Theory

191. A basic premise of reinforcement theory states: behaviour that results in pleasant outcomes is likely to be repeated, and behaviour that results in unpleasant outcomes is not likely to be repeated. This premise is known as the _____.
a) Outcome likelihood estimator.
b) Law of effect.
c) Reinforcement imperative.
d) Behavioural results rule.
e) Behavioural consequences paradigm.

Ans: B
Difficulty: Moderate
Ref: Reinforcement Theory

192. The law of effect states that _____.
a) Every behaviour is the effect of some environmental motivator.
b) Every reward has some effect.
c) Behaviour that results in pleasant outcomes is likely to be repeated; behaviour that results in unpleasant outcomes is not likely to be repeated.
d) The effects of an environmental response can be determined by monitoring behaviours.
e) People can be motivated to perform both pleasant and unpleasant tasks.

Ans: C
Difficulty: Easy
Ref: Reinforcement Theory

193. Operant conditioning _____.
a) Is the process of controlling behaviour by manipulating its consequences?
b) Has been popularized by psychologist B.F. Skinner.
c) Refers to learning that occurs via the law of effect.
d) All of the above.
e) None of the above.

Ans: D
Difficulty: Easy
Ref: Reinforcement Theory

194. An operant conditioning strategy designed to strengthen or increase the frequency of a behaviour by making a pleasant consequence contingent on the occurrence of the behaviour is called _____.
a) Equity exchange.
b) Expectancy development.
c) Progression.

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d) Executive conditioning.
e) Positive reinforcement.

Ans: E
Difficulty: Easy
Ref: Reinforcement Theory

195. A manager nodding to express approval to a subordinate who is making a useful comment during a staff meeting is an example of _____.
a) Equity exchange.
b) Expectancy development.
c) Positive reinforcement.
d) Progression.
e) Executive conditioning.

Ans: C
Difficulty: Moderate
Ref: Reinforcement Theory

196. An operant conditioning strategy designed to strengthen or increase the frequency of a behaviour by making the avoidance of an unpleasant consequence contingent on the occurrence of the behaviour is called _____.
a) Punishment.
b) Negative reinforcement.
c) Extinction.
d) Shaping.
e) Deficit conditioning.

Ans: B
Difficulty: Moderate
Ref: Reinforcement Theory

197. A manager who issues a written reprimand to an employee who reports late for work one day is using _____.
a) Frustration-regression.
b) Negative reinforcement.
c) Extinction.
d) Deficit conditioning.
e) Punishment.

Ans: E
Difficulty: Easy
Ref: Reinforcement Theory

198. A manager who advises someone's co-workers to ignore that person's disruptive behaviours during meetings is using _____.
a) Positive reinforcement.

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b) Negative reinforcement.
c) Punishment
d) Extinction
e) Shaping

Ans: D
Difficulty: Easy
Ref: Reinforcement Theory

199. The law of contingent reinforcement advises managers to _____.
a) Give rewards as soon as possible following the occurrence of a desirable behaviour.
b) Focus on verbal praise and recognition as opposed to money when giving rewards.
c) Give rewards only if the desired behaviour is exhibited.
d) Give rewards in small doses at first and then increase their magnitude when the desirable behaviour is displayed more permanently.
e) Use both punishment and positive reinforcement to gain maximum impact on behaviour.

Ans: C
Difficulty: Easy
Ref: Reinforcement Theory

200. The _____ states that the more immediate the delivery of a reward after the occurrence of a desirable behaviour, the greater the reinforcing value of the reward.
a) Law of contingent reinforcement.
b) Law of effect.
c) Principle of selective reinforcement.
d) Law of immediate reinforcement.
e) Principle of expectancy.

Ans: D
Difficulty: Easy
Ref: Reinforcement Theory

201. Guidelines for using positive reinforcement include all of the following EXCEPT:
a) Maintain a narrow inventory of rewards.
b) Recognize individual differences in allocating rewards.
c) Inform everyone what must be done to get rewards.
d) Follow the laws of contingent and immediate reinforcement.
e) Clearly identify desirable work behaviours.

Ans: A
Difficulty: Moderate
Ref: Reinforcement Theory

202. The creation of a new behaviour by the positive reinforcement of successive approximations to the desired behaviour is called _____.

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a) Operant conditioning.
b) Expectancy development.
c) Classical conditioning.
d) Progression.
e) Shaping.

Ans: E
Difficulty: Moderate
Ref: Reinforcement Theory

203. Behaviour acquired under _____ schedule will be more permanent than behaviour acquired under a continuous schedule.
a) A work.
b) A payroll.
c) An intermittent.
d) A symmetric.
e) An asymmetric.

Ans: C
Difficulty: Easy
Ref: Reinforcement Theory

204. All of the following are guidelines for the effective use of punishment EXCEPT:
a) Tell the individual what is being done wrong.
b) Tell the individual what is being done right.
c) Punish openly and in public.
d) Follow the laws of contingent and immediate reinforcement.
e) Make sure the punishment matches the behaviour.

Ans: C
Difficulty: Moderate
Ref: Reinforcement Theory

205. A manager can _____ an employee by denying the person a valued reward, such as verbal praise or pay.
a) Encourage
b) Punish
c) Reward
d) Reinforce
e) Satisfy

Ans: B
Difficulty: Moderate
Ref: Reinforcement Theory

206. A manager can _____ an employee by administering an unpleasant outcome, such as a verbal reprimand, pay reduction, or demotion.

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a) Encourage.
b) Satisfy.
c) Punish.
d) Reward.
e) Reinforce.

Ans: C
Difficulty: Moderate
Ref: Reinforcement Theory

207. Which statement provides the correct definition of job design?
a) Job design is the process of redesigning jobs to "fit" a person's individual goals.
b) Job design is the process of creating or defining jobs by assigning specific tasks to individuals and groups.
c) Job design provides directions to individuals regarding specific work tasks.
d) Job design creates a work structure for bureaucratic organizations.
e) Job design identifies key individuals for specific tasks.

Ans: B
Difficulty: Moderate
Ref: Motivation and Job Design

208. Job design uses the insights of _____ to attain high levels of both job satisfaction and job performance.
a) Motivation theories.
b) Personality theory.
c) Visionary leaders.
d) Information technology.
e) Adaptive organizations.

Ans: A
Difficulty: Easy
Ref: Motivation and Job Design

209. The job design approach that involves standardizing work procedures so that people work in well-defined and highly specialized tasks is known as _____.
a) Job compression.
b) Job simplification.
c) Job rotation.
d) Job enlargement.
e) Job enrichment.

Ans: B
Difficulty: Easy
Ref: Motivation and Job Design

210. Automation is described in the textbook as _____.
a) The most extreme form of job compression.

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b) The opposite of job simplification.
c) The goal of telecommuting.
d) The total mechanization of the job.
e) At the low end of specialization on the job design continuum.

Ans: D
Difficulty: Easy
Ref: Motivation and Job Design

211. The classic assembly-line job is an example of the job design strategy of _____.
a) Job compression.
b) Job rotation.
c) Task identity.
d) Job focus.
e) Job simplification.

Ans: E
Difficulty: Moderate
Ref: Motivation and Job Design

212. All of the following are potential disadvantages of job simplification EXCEPT:
a) Tardiness and absenteeism.
b) Difficulty in training and supervising workers.
c) Boredom with tasks.
d) Alienation from work.
e) Poor performance.

Ans: B
Difficulty: Moderate
Ref: Motivation and Job Design

213. The job design strategy that increases task variety by periodically shifting workers among jobs involving different task assignments is called _____.
a) Job sharing.
b) Job simplification.
c) Job enlargement.
d) Job rotation.
e) Job enrichment.

Ans: D
Difficulty: Moderate
Ref: Motivation and Job Design

214. Which of the following is NOT true of job rotation?
a) Workers are shifted among jobs with different task assignments.
b) There is a significant improvement in job depth.

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c) Job rotation can be done regularly or periodically.
d) Job rotation can broaden people's understanding of different jobs.
e) Workers experience greater task variety.

Ans: B
Difficulty: Moderate
Ref: Motivation and Job Design

215. _____ is taking place when task variety is increased by combining into one job, two or more tasks that were previously assigned to separate workers
a) Automation.
b) Job simplification.
c) Job enlargement.
d) Job rotation.
e) Job enrichment.

Ans: C
Difficulty: Easy
Ref: Motivation and Job Design

216. The modified assembly-line job, which allows a worker to perform a greater number of tasks and periodically change with other workers, illustrates the job design strategies of _____.
a) Job enrichment and job rotation.
b) Job enrichment and job enlargement.
c) Job sharing and job rotation.
d) Job sharing and job enlargement.
e) Job rotation and job enlargement.

Ans: E
Difficulty: Moderate
Ref: Motivation and Job Design

217. In promoting job enrichment, Frederick Herzberg says: "If you want people to do a good job, _____."
a) Pay them a lot of money.
b) Give them a beautiful environment.
c) Give them a good job to do.
d) Provide them with a good supervisor.
e) Give them a hygienic workplace.

Ans: C
Difficulty: Easy
Ref: Motivation and Job Design

218. _____ is the practice of building more opportunities for satisfaction into a job by expanding its content to include work planning and evaluating duties that are normally performed by the supervisor.
a) Job rotation.

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b) Job enlargement.
c) Job sharing.
d) Job expansion.
e) Job enrichment

Ans: E
Difficulty: Easy
Ref: Motivation and Job Design

219. Job enrichment differs from other job design alternatives in that it _____.
a) Is concerned with job content as well as job context.
b) Seeks to expand job depth, not just job scope.
c) Works for groups as well as for individuals.
d) Is endorsed by the unions.
e) Expands the psychological contract.

Ans: B
Difficulty: Easy
Ref: Motivation and Job Design

220. When a supervisor adds planning and evaluating duties to a worker's responsibilities, the supervisor has enriched the job by increasing _____.
a) Job scope.
b) Job depth.
c) The satisfier quotient.
d) Context factors.
e) Security factors.

Ans: B
Difficulty: Easy
Ref: Motivation and Job Design

221. Changes in a job that are designed to increase job depth are sometimes called _____.
a) Horizontal loading.
b) Vertical loading.
c) Task sharing.
d) Skill amplifiers.
e) Automation.

Ans: B
Difficulty: Moderate
Ref: Motivation and Job Design

222. Suppose there is a team-assembly job in which a designated group of workers has some planning and evaluating responsibilities. This illustrates the job design alternative of _____.
a) Job enlargement.

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b) Job rotation.
c) Job sharing.
d) Job inducements.
e) Job enrichment.

Ans: E
Difficulty: Moderate
Ref: Motivation and Job Design

223. According to J. Richard Hackman, all of the following are ways to improve core job characteristics EXCEPT:
a) Form natural units of work
b) Combine tasks
c) Establish client relationships
d) Open feedback channels
e) Practice horizontal loading

Ans: E
Difficulty: Moderate
Ref: Motivation and Job Design

224. Which of the following trends is/are creating pressure for the development of alternative work arrangements in the modern workplace?
a) The changing content of jobs.
b) The changing context of jobs.
c) The needs and interests of a diverse workforce.
d) All of the above.
e) None of the above.

Ans: D
Difficulty: Moderate
Ref: Motivation and Job Design

225. Any work schedule that allows a full-time job to be completed in less than the standard five days of eight-hour shifts is known as _____.
a) Flexible working hours.
b) The compressed workweek.
c) The "noble dream."
d) Telecommuting.
e) Job simplification.

Ans: B
Difficulty: Moderate
Ref: Motivation and Job Design

226. The most common form of _____ is a "4-40" schedule — that is, 40 hours of work accomplished in four 10-hour days.

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a) The compressed workweek.
b) Job sharing.
c) Flexible working hours.
d) Job simplification.
e) Telecommuting.

Ans: A
Difficulty: Hard
Ref: Motivation and Job Design

227. _____ describes any work schedule that gives employees some choice in the pattern of their daily work hours.
a) Flexible working hours.
b) The compressed workweek.
c) The "noble dream."
d) Telecommuting.
e) Job simplification.

Ans: A
Difficulty: Easy
Ref: Motivation and Job Design

228. A company that requires employees to be at work between 9:30 a.m. and 3:30 p.m. but allows them to schedule their remaining work day to fit personal needs is using _____.
a) The compressed workweek.
b) Job sharing.
c) Flexible working hours.
d) Contingency workers.
e) Telecommuting.

Ans: C
Difficulty: Hard
Ref: Motivation and Job Design

229. Flexible working hours usually result in all of the following EXCEPT:
a) Greater autonomy for individuals in work schedules.
b) More absenteeism and tardiness.
c) A positive attitude toward the organization.
d) Higher job performance.
e) Greater opportunity to take care of personal affairs.

Ans: B
Difficulty: Moderate
Ref: Motivation and Job Design

230. _____ involves a work schedule wherein one full-time job is split between two or more persons.

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a) The compressed workweek.
b) Job sharing.
c) Flexible working hours.
d) Contingency workers.
e) Telecommuting.

Ans: B
Difficulty: Easy
Ref: Motivation and Job Design

231. An organization that is able to employ two persons as one by having one person work mornings and the other person work afternoons on the same job is reaping the benefits of _____.
a) Job sharing.
b) Autonomous group scheduling.
c) Job rotation.
d) Skill variety.
e) Job specialization.

Ans: A
Difficulty: Hard
Ref: Motivation and Job Design

232. The potential effects of work sharing include which of the following?
a) Employers can retain trained and loyal workers when forced to temporarily economize by reducing labour costs.
b) Employees whose seniority would protect them from layoffs have the disadvantage of lost earnings.
c) Employees who otherwise would be laid off will have continued work — though with reduced earnings.
d) B and C.
e) A, B, and C.

Ans: E
Difficulty: Moderate
Ref: Motivation and Job Design

233. _____ is a work arrangement that allows at least a portion of scheduled work hours to be completed outside of the office.
a) The compressed workweek.
b) Job sharing.
c) Flexible working hours.
d) Contingency work.
e) Telecommuting.

Ans: E
Difficulty: Easy
Ref: Motivation and Job Design

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234. Potential advantages of telecommuting include all of the following EXCEPT:
a) Freedom from the constraints of commuting and fixed hours.
b) Increased productivity.
c) More distractions.
d) Being one's own boss.
e) Having more personal time.

Ans: C
Difficulty: Moderate
Ref: Motivation and Job Design

235. Potential disadvantages of telecommuting include all of the following EXCEPT:
a) Working too little.
b) Less personal time.
c) Difficulty in separating work and personal life.
d) Feelings of isolation.
e) Loss of visibility for promotion.

Ans: A
Difficulty: Moderate
Ref: Motivation and Job Design

236. _____ work is done on any schedule that is less than the standard 40-hour workweek, and that does not qualify the individual as a full-time employee.
a) Flextime.
b) Telecommuting.
c) Part-time.
d) Compressed.
e) Shared.

Ans: C
Difficulty: Easy
Ref: Motivation and Job Design

237. Employees who are employed on a part-time and temporary basis to supplement a permanent workforce are called _____.
a) Foreign workers.
b) Contingency workers.
c) Unreliable workers.
d) Entrepreneurs.
e) Technical workers.

Ans: B
Difficulty: Easy
Ref: Motivation and Job Design

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238. Which of the following statements about part-time work is inaccurate?
a) Contingency workers now constitute approximately 50 percent of the American workforce.
b) It is now possible to hire on a part-time basis everything from secretaries and unskilled labourers to engineers to computer programmers and even executives.
c) Many employers like the flexibility that contingency workers offer in controlling labour costs and dealing with cyclical labour demand.
d) Temporaries may lack the commitment of permanent workers and may lower productivity.
e) Contingency workers are often paid less and they typically fail to receive important benefits.

Ans: A
Difficulty: Easy
Ref: Motivation and Job Design

239. According to the diagnostic approach of Hackman and associates in the Job Characteristics Model, job satisfaction and performance are influenced by:
a) Inexperience of the workforce, application of Equity Theory and the Environment
b) Experienced meaningfulness of the work, experienced responsibility for the outcomes of the work and knowledge of actual results of work activities
c) Rate of pay, establishment of a union environment and amount of unpaid leave granted
d) None of the above

Ans: B
Difficulty: Hard
Ref: Motivation and Job Design

240. The three critical psychological states which influence job satisfaction and performance, according to Hackman and associates, are in turn influenced by the presence or absence of five core job characteristics. These core job characteristics are:
a) Skill variety, task identity, task significance, autonomy and feedback from the job itself
b) Skill variety, task pressures, autonomous significance, significant pay rates, and feedback
c) from management
d) Environmental comfort, supervisor attention, task detail, market share, feedback
e) All of the above

Ans: A
Difficulty: Hard
Ref: Motivation and Job Design

241. Jobs high in the five core job characteristics are considered enriched. Enriched jobs should, but may not necessarily, result in a job outcome of:
a) High internal work motivation
b) High growth satisfaction
c) High general job satisfaction
d) High work effectiveness
e) All of the above

Ans: E

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Difficulty: Hard
Ref: Motivation and Job Design

242. The auto industry has enriched some jobs by allowing a group of workers to build entire sections of a vehicle rather than just a small part, building it from beginning to end and seeing a visible finished product. This is a job core characteristic called:
a) Skill variety
b) Task significance
c) Autonomy
d) Task identity
e) Feedback from the job itself

Ans: D
Difficulty: Hard
Ref: Motivation and Job Design

243. Allowing a worker to use a number of different talents and skills illustrates the job core characteristic of:
a) Task significance
b) Autonomy
c) Skill variety
d) Feedback from the job itself
e) Task identity

Ans: C
Difficulty: Moderate
Ref: Motivation and Job Design

244. Task significance is the job core characteristic defined as:
a) The degree to which the job has a substantial impact on the lives or work of other people elsewhere in the organization, or in the external environment.
b) The level of the job on the Hayes Pay System.
c) The degree to which the management influences supervisory responsibility.
d) All of the above.

Ans: A
Difficulty: Moderate
Ref: Motivation and Job Design

245. Hackman and associates recommend five ways to improve job core characteristics. They are:
a) Remove task identity, separate tasks, breakdown client relationships, close feedback channels, and practice horizontal loading
b) Form natural work units, combine tasks, establish client relationships, open feedback channels, and practice vertical loading
c) Initiate structure, improve work flow, reorganize internal space, increase days off, lower incentive pay
d) All of the above
e) None of the above

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Ans: B
Difficulty: Moderate
Ref: Motivation and Job Design

246. Job enrichment makes jobs:
a) Horizontally wider
b) Vertically bigger only
c) Both vertically and horizontally bigger
d) Diagonally smaller
e) None of the above

Ans: C
Difficulty: Hard
Ref: Motivation and Job Design

247. People who respond most favourably to enriched jobs:
a) Will have stronger higher needs
b) Will have higher appropriate job knowledge and skills
c) Will be otherwise satisfied with job context
d) All of the above
e) None of the above

Ans: D
Difficulty: Hard
Ref: Motivation and Job Design

248. Giving people authority to perform the planning and controlling previously done by supervisors is a way to improve job core characteristics called:
a) Horizontal loading
b) Vertical loading
c) Diagonal loading
d) Environmental empowerment
e) Vertical distress

Ans: B
Difficulty: Easy
Ref: Motivation and Job Design

Essay Questions

249. Describe the basic features of Maslow's hierarchy of needs theory, Alderfer's ERG theory, Herzberg's two-factor theory, and McClelland's acquired needs theory? What guidance does each theory provide to managers?

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Ans: Maslow's hierarchy of needs theory specifies five levels of human needs that are arranged in a hierarchy of importance. In the hierarchy, lower-order needs include physiological, safety, and social concerns, whereas higher-order needs include esteem and self-actualization concerns. Additional features of the need hierarchy are the deficit principle and the progression principle. The deficit principle holds that a satisfied need is not a motivator of behaviour; people act to satisfy needs for which a deficit exists. The progression principle holds that a need at one level doesn't become activated until the next lower-level need is satisfied. People are expected to advance step by step up the hierarchy. Within this framework, self-actualization needs become stronger when they are satisfied. Therefore, a person should continue to be motivated by opportunities for self-fulfillment as long as the other need levels remain satisfied.
Alderfer's ERG theory is an extension of Maslow's theory. Instead of five need levels, Alderfer proposed three need levels, the first letters of which are identified by the name of the theory itself — ERG. Existence needs are desires for physiological and material well being. Relatedness needs are desires for satisfying interpersonal relationships. Growth needs are desires for continued psychological growth and development. ERG theory does not assume that lower-level needs must be satisfied before higher-level needs become activated. ERG theory includes a unique frustration-regression principle whereby an already satisfied lower-level need becomes reactivated when a higher-level need is frustrated. Mangers should help to remove blocks to need satisfaction.
Two-factor theory argues that different factors are sources of job dissatisfaction and job satisfaction. The job dissatisfaction factors are called hygiene factors and the job satisfaction factors are labelled satisfier factors. Hygiene factors are elements of the job context, including the following: working conditions, interpersonal relations, organizational policies and administration, technical quality of supervision, and base compensation. Improvements in hygiene factors can prevent and/or eliminate job dissatisfaction; they will not improve job satisfaction. Satisfier factors are elements of the job content that include the following: sense of achievement, feelings of recognition, sense of responsibility, advancement opportunities, and feelings of personal growth. Improvements in satisfier factors increase job satisfaction; they will not prevent job dissatisfaction. According to two-factor theory, managers should: (a) recognize that all jobs have two important aspects — what people do in terms of job tasks (i.e., job content) and the setting in which they do it (i.e., job context); (b) always correct poor context to eliminate actual or potential sources of job dissatisfaction; and (c) be sure to build satisfier factors into job content to maximize opportunities for job satisfaction.
Acquired needs theory proposes that people acquire or develop needs through their life experiences. These needs relate to achievement, power, and affiliation. The need for achievement is the desire to do something better or more efficiently, to solve problems, or to master complex tasks. The need for power is the desire to control other persons, to influence their behaviour, or to be responsible for other people. The need for affiliation is the desire to establish and maintain friendly and warm relations with other persons. Managers should create work environments that are responsive to the varying need strengths of people.
Difficulty: Hard
Ref: Individual Needs and Motivation

250. Discuss equity theory and how it relates to managing for motivation.

Ans: Equity theory asserts that when people believe they have been treated unfairly in comparison to others, they try to eliminate the discomfort and restore a perceived sense of equity to the situation. Perceived inequity occurs whenever a person feels that the rewards received for his/her work efforts are unfair given the rewards others appear to be getting for their work efforts. Perceived equity occurs whenever a person perceives that his/her personal rewards/inputs ratio is equivalent to the rewards/inputs ratio of a comparison other.
In using equity theory to guide managerial efforts to influence work motivation, managers should recognize that people who feel underpaid may experience a sense of anger and people who feel overpaid may experience a sense of guilt. Managers should also understand that perceptions of rewards in a social context, not the absolute value of the rewards, determine motivational outcomes. Finally, managers should ensure that any negative consequences of the equity comparison are avoided, or at least minimized, when rewards are allocated.
Difficulty: Easy
Ref: Process Theories of Motivation

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251. Describe the key concepts in the expectancy theory of motivation. How do these concepts explain the level of motivation that a person may display at work?

Ans: According to expectancy theory, work motivation depends on the relationships among the following three factors:

- Expectancy (also called the effort-performance expectancy) is a person's belief that working hard will result in a desired level of task performance being achieved.
- Instrumentality (also called the performance-outcome expectancy) is a person's belief that successful task performance will be followed by rewards and other potential outcomes.
- Valence is the value a person assigns to possible rewards and other work-related outcomes.

The relationship between motivation and the three factors — expectancy, instrumentality, and valence — can be expressed as an equation:
M = E x I x V
where M = motivation, E = expectancy, I = instrumentality, and V = valence.
This multiplier effect implies that for motivation to be high, expectancy, instrumentality, and valence must be high, and valence must be positive. Conversely, if expectancy is low (the person feels he or she can't perform), instrumentality is low (the person is not confident performance will be rewarded), and/or valence is low or negative (the reward is not valued), motivation will be low.
Difficulty: Moderate
Ref: Process Theories of Motivation

252. Give a general overview of reinforcement theory, and identify and define the four basic operant conditioning strategies.

Ans: Rather than relying on cognitive explanations of behaviour, reinforcement theory focuses on the impact of external environmental consequences on behaviour. The impact of the external environment is succinctly captured in Thorndike's law of effect, which states: "Behaviour that results in a pleasant outcome is likely to be repeated; behaviour that results in an unpleasant outcome is not likely to be repeated." Operant conditioning is the process of applying the law of effect to control behaviour by manipulating its consequences. The operant conditioning strategies and their effects are as follows:

- Positive reinforcement strengthens or increases the frequency of a behaviour through the contingent presentation of a pleasant consequence.
- Negative reinforcement strengthens or increases the frequency of a behaviour through the contingent removal of an unpleasant consequence.
- Punishment eliminates or decreases the frequency of a behaviour through the contingent presentation of an unpleasant consequence.
- Extinction eliminates or decreases the frequency of a behaviour through the contingent removal of a pleasant consequence.

Difficulty: Moderate
Ref: Reinforcement Theory OF Motivation

253. Explain the four major ways in which self-efficacy can be enhance, according to the work of Bandura.

Ans: Self-efficacy may be enhanced by encouraging people to (1) practice enactive mastery, the gaining of confidence through positive experience. This is accomplished by working at the task repetitively, practice, thereby becoming more practiced at doing the task and building one's confidence in doing it; (2) practice vicarious modeling

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by watching a skilled person doing a task thereby building our confidence that we also can do it; (3) listen to verbal persuasion, the verbal encouragement that one can perform the task. This praise is often highly stimulating and motivating; and (4) get "psyched up" or personally stimulated and energized to do a task well.
Difficulty: Hard
Ref: Process Theories of Motivation

254. Describe the core characteristics model of job enrichment. Explain how this model can provide guidance to practicing managers.

Ans: According to the core characteristics model of job enrichment described in the textbook, an enriched job will be high on the following core job characteristics:

- Skill variety — the degree to which a job requires a variety of different activities to carry out the work and involves the use of a number of different skills and talents of the individual.
- Task identity — the degree to which the job requires the completion of a "whole" and identifiable piece of work; that is, one that involves doing a job from beginning to end with a visible outcome.
- Task significance — the degree to which the job has a substantial impact on the lives or work of other people elsewhere in the organization or in the external environment.
- Autonomy — the degree to which the job gives the individual substantial freedom, independence, and discretion in scheduling the work and in determining the procedures to be used in carrying it out.
- Feedback from the job itself — the degree to which carrying out the work activities required by the job results in the individual obtaining direct and clear information on the results of his or her performance.

The core job characteristics directly impact three critical psychological states. Skill variety, task identity, and task significance affect experienced meaningfulness of work; autonomy influences experienced responsibility for the outcomes of the work; and feedback affects knowledge of actual results of work activities. The critical psychological states, in turn, influence the following job outcomes: high internal work motivation, high growth satisfaction, high general job satisfaction, and high work effectiveness. The core job characteristics will not affect everyone in the same way. Employees who have high growth-need strength and the requisite knowledge and skills, and are satisfied with the work context will respond more favourably to enriched jobs.
For those employees who will likely respond favourably to job enrichment, managers can improve core job characteristics. Managers can do this in the following ways:

- Form natural units of work — make sure that the tasks people perform are logically related to one another and provide a clear and meaningful task identity.
- Combine tasks — expand job responsibilities by pulling together into one larger job a number of smaller tasks previously done by others.
- Establish client relationships — put people in contact with others who, as clients inside and/or outside the organization, use the results of their work.
- Open feedback channels — provide opportunities for people to receive performance feedback as they work and to learn how performance changes over time.
- Practice vertical loading — give people more control over their work by increasing their authority for planning and controlling activities previously done by supervisors.

Difficulty: Hard
Ref: Motivation and Job Design

255. Describe each of the major alternative work arrangements. What are the advantages and/or disadvantages to the individual and/or organization in using these options?

Ans: The five major categories of alternative work arrangements are the following: compressed workweek, flexible working hours, job sharing, telecommuting, and part-time work. Each of these categories, along with their respective advantages and disadvantages, are described below.

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- A compressed workweek is any work schedule that allows a full-time job to be completed in less than the standard five days of eight-hour shifts. The benefits of the compressed workweek for the individual are more leisure time and lower commuting costs. The benefits for the organization are lower absenteeism and potentially improved performance. The potential disadvantages of the compressed workweek for the individual are increased fatigue and family adjustment problems. The potential disadvantages for the organization include increased scheduling problems, possible customer complaints, and possible union opposition.
- Flexible working hours describe any work schedule that gives employees some choice in the pattern of their daily work hours. The potential benefits of flexible working hours include giving people greater autonomy in work scheduling while ensuring that they maintain work responsibilities, thereby enabling organizations to attract and retain employees who have special non-work responsibilities. Flexible working hours also can boost worker morale.
- Job sharing involves a work schedule whereby one full-time job is split between two or more persons. Job sharing can benefit organizations by enabling them to employ talented people who would otherwise be unable to work.
- Telecommuting is a work arrangement that allows at least a portion of scheduled work hours to be completed outside of the office. The potential individual advantages of telecommuting include being one's own boss and having more personal time. The potential disadvantages of telecommuting for individuals are working too much, difficulty in separating work and personal life, feelings of isolation, and loss of visibility for promotion. A potential disadvantage for the organization is that managers may experience difficulties in supervising work-at-home employees from a distance.

Part-time work is work done on any schedule less than the standard 40-hour workweek and does not qualify the individual as a full-time employee. Increasingly, employers are relying on part-time or contingency workers to supplement the full-time workforce, often on a long-term basis. Because contingency workers can be easily hired, contracted, and terminated in response to changing needs, many employers like the flexibility they offer in controlling labour costs and dealing with cyclical labour demand. Organizational disadvantages in contingency workers pertain to their potential lack of commitment and their potential lower productivity. For the individual, the disadvantages are a lower pay rate and the lack of important benefits such as health care, life insurance, and pension plans.
Difficulty: Moderate
Ref: Motivation and Job Design

256. Discuss goal setting theory and how it relates to managing for motivation.

Ans: The basic premise of goal setting theory is that properly set and well-managed task goals can be highly motivating. Task goals provide direction to people in their work, clarify performance expectations, establish a frame of reference for feedback, and provide a foundation for behavioural self-management. The following list identifies the key issues and principles in the goal-setting process:

- Set specific goals: Specific goals lead to higher performance than more generally stated ones, such as "Do your best."
- Set challenging goals: When they are viewed as realistic and attainable, more difficult goals lead to higher performance than do easy goals.
- Build goal acceptance and commitment: People work harder for goals that they accept and believe in; they resist goals forced on them.
- Clarify goal priorities: Make sure that expectations are clear as to which goals should be accomplished first, and why.
- Provide feedback on goal accomplishment: Make sure that people know how well they are doing with respect to goal accomplishment.
- Reward goal accomplishment: Don't let positive accomplishments go unnoticed; reward people for doing what they set out to do.

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Participation is a major factor in unlocking the motivational potential of goal setting. When goals must be assigned, workers will respond more positively if supervisors are trusted and the workers believe they will be adequately supported in their efforts to achieve the goals.
Difficulty: Moderate
Ref: Process Theories of Motivation

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Ch15: Ch15, Chapter 15: Teams, Teamwork, And Collaboration

1. Teams are rich in performance potential even though they are complex in the way they work.

Ans: True
Difficulty: Easy
Ref: Introduction

2. As a general rule, we expect teams to perform at higher levels than individuals.

Ans: True
Difficulty: Moderate
Ref: Introduction

3. As a general rule, successful high-performance teams must perform multiple tasks flawlessly and in perfect order and unison.

Ans: True
Difficulty: Moderate
Ref: Learning From Others

4. Each team member must be aware of how his/her job fits into the overall scheme of the team's task.

Ans: True
Difficulty: Moderate
Ref: Learning From Others

5. It is not important that each team member be highly skilled in his/her job because another team member is expected to do more than their own individual job for overall success.

Ans: False
Difficulty: Moderate
Ref: Learning From Others

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6. Teams composed of "all-star" members who perform at high levels individually always make the best teams.

Ans: False
Difficulty: Moderate
Ref: Learning From Others

7. Often less skilled individuals mold into high performing teams because they apply their skills and motivation to the team effort and want team success more than individual success.

Ans: True
Difficulty: Hard
Ref: Learning From Others

8. Managers of successful teams often carefully plan and choreograph the team members' activities.

Ans: True
Difficulty: Hard
Ref: Learning From Others

9. It is not necessary for individually scripted activities to fit seamlessly into team tasks.

Ans: False
Difficulty: Hard
Ref: Learning From Others

10. One way that high performance teams can be distinguished is by the way members work with one another to achieve common goals.

Ans: True
Difficulty: Easy
Ref: Learning From Others

11. The principles of teams and teamwork cannot be applied to sports teams because the fan public expects only high individual performance and team results are unimportant.

Ans: False
Difficulty: Hard
Ref: Learning From Others

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12. The benefits of team performance can happen even if team members make no positive team contributions.

Ans: False
Difficulty: Moderate
Ref: Learning About Yourself

13. Team contributions are the things that people do to help teams succeed and help their members enjoy the team experience.

Ans: True
Difficulty: Moderate
Ref: Learning About Yourself

14. Teams have become less important in today's global society.

Ans: False
Difficulty: Moderate
Ref: Learning About Yourself

15. It is a fallacy that the longer team members, such as surgeons and basketball players, work with each other the higher is the team success.

Ans: False
Difficulty: Moderate
Ref: Learning About Yourself

16. The "teamwork effect" may be described in general as a familiarity with working with each other on a team.

Ans: True
Difficulty: Moderate
Ref: Learning About Yourself

17. A "must have" team skill as described in the textbook is encouraging and motivating others.

Ans: True
Difficulty: Easy

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Ref: Learning About Yourself

18. Accepting suggestions is a "must have" team skill.

Ans: True
Difficulty: Easy
Ref: Learning About Yourself

19. Listening to others is not important as a team skill.

Ans: False
Difficulty: Moderate
Ref: Learning About Yourself

20. Communicating information and ideas is a "must have" team skill according to the textbook.

Ans: True
Difficulty: Easy
Ref: Learning About Yourself

21. Persuading others to cooperate is never important as a team skill.

Ans: False
Difficulty: Moderate
Ref: Learning About Yourself

22. Resolving and negotiating conflict is a "must have" team skill.

Ans: True
Difficulty: Easy
Ref: Learning About Yourself

23. The highest functioning teams never bother to build consensus as a team skill.

Ans: False
Difficulty: Hard
Ref: Learning About Yourself

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24. Fulfilling commitments is anachronistic in today's global world as a team skill.

Ans: False
Difficulty: Hard
Ref: Learning About Yourself

25. It is not necessary to avoid disruptive acts and words as a team skill.

Ans: False
Difficulty: Moderate
Ref: Learning About Yourself

26. In your own career, it will never be necessary to work in or lead a team.

Ans: False
Difficulty: Moderate
Ref: Learning About Yourself

27. A team is a small group of people with complementary skills, who work together to accomplish shared goals while holding themselves mutually accountable for performance results.

Ans: True
Difficulty: Easy
Ref: Teams in Organizations

28. The process of people actively working together in groups to accomplish common goals is called synergy.

Ans: False
Difficulty: Moderate
Ref: Teams in Organizations

29. The supervisor, facilitator, participant, and coach are four important team and teamwork roles for managers.

Ans: True
Difficulty: Easy
Ref: Teams in Organizations

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30. The creation of a whole greater than the sum of its parts is called teamwork.

Ans: False
Difficulty: Moderate
Ref: Teams in Organizations

31. More resources for problem solving, greater commitments to tasks, better control and work discipline, and more individual need satisfaction are just several benefits of teams.

Ans: True
Difficulty: Easy
Ref: Teams in Organizations

32. Being a member of a team rarely influences individual attitudes and behaviours.

Ans: False
Difficulty: Moderate
Ref: Teams in Organizations

33. Serving as an agent of broad-based organizational change is an important team and teamwork role for managers.

Ans: False
Difficulty: Moderate
Ref: Teams in Organizations

34. Serving as a mentor or sponsor of a problem-solving team is an important team and teamwork role for managers.

Ans: True
Difficulty: Easy
Ref: Teams in Organizations

35. Two important management skills are knowing when a team is the best choice for a task and knowing how to work with and manage a team to accomplish a task.

Ans: True
Difficulty: Easy

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Ref: Teams in Organizations

36. Personality conflicts and poor readiness to work, but not differences in work styles or task ambiguity, are commonly encountered problems in teams.

Ans: False
Difficulty: Moderate
Ref: Teams in Organizations

37. Social loafing refers to the presence of "free riders" who slack off because responsibility is diffused in teams and others are present to do the work.

Ans: True
Difficulty: Easy
Ref: Teams in Organizations

38. Social imperfection refers to the presence of "free riders" who slack off because responsibility is diffused in teams and others are present to do the work.

Ans: False
Difficulty: Moderate
Ref: Teams in Organizations

39. People arriving early and leaving late or taking things too seriously are some of the key problems typically associated with meetings.

Ans: False
Difficulty: Hard
Ref: Teams in Organizations

40. Nothing happening when the meeting is over and no one putting decisions into action are key problems typically associated with meetings.

Ans: True
Difficulty: Moderate
Ref: Teams in Organizations

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41. Some key problems typically associated with meetings are: the discussion lacks candour; people are unwilling to tell the truth; and the right information isn't available, so decisions get postponed.

Ans: True
Difficulty: Moderate
Ref: Teams in Organizations

42. Meetings can and should be places where information is shared, decisions get made, and people gain understanding of each other.

Ans: True
Difficulty: Moderate
Ref: Teams in Organizations

43. Formal work groups are officially recognized and supported by the organization.

Ans: True
Difficulty: Easy
Ref: Teams in Organizations

44. According to the perspective that organizations are interlocking networks of groups, managers and leaders serve as "linking pins" because each manager or leader acts as a superior in one work group and as a subordinate in the next higher-level one.

Ans: True
Difficulty: Easy
Ref: Teams in Organizations

45. According to the perspective that organizations are interlocking networks of groups, managers and leaders serve as "group processors" because they make the whole team function properly.

Ans: False
Difficulty: Moderate
Ref: Teams in Organizations

46. Informal groups that emerge for a wide variety of personal reasons (including shared nonwork interests) are called friendship groups.

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Ans: True
Difficulty: Easy
Ref: Teams in Organizations

47. Informal groups that emerge because members basically help one another do their jobs are called support groups.

Ans: True
Difficulty: Easy
Ref: Teams in Organizations

48. Informal groups can help satisfy social needs otherwise left unmet.

Ans: True
Difficulty: Moderate
Ref: Teams in Organizations

49. The trend toward greater empowerment in organizations is associated with new developments in the use of teams.

Ans: True
Difficulty: Easy
Ref: Trends in the Use of Teams

50. Committees, project teams, task forces, and cross-functional teams are used relatively infrequently in the modern workplace, whereas employee involvement teams enjoy extensive, widespread usage in the modern workplace.

Ans: False
Difficulty: Moderate
Ref: Trends in the Use of Teams

51. A committee is a formal team of people working together outside their daily job assignments to pursue a specific purpose.

Ans: True
Difficulty: Easy
Ref: Trends in the Use of Teams

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52. Project teams or tasks forces bring together people from various parts of an organization to work on common problems, but do so on a temporary basis.

Ans: True
Difficulty: Easy
Ref: Trends in the Use of Teams

53. An autonomous work group is a temporary group created to solve a specific problem.

Ans: False
Difficulty: Moderate
Ref: Trends in the Use of Teams

54. Cross-functional teams are indispensable to organizations because they eliminate the barriers that separate departments and people.

Ans: True
Difficulty: Moderate
Ref: Trends in the Use of Teams

55. Cross-functional teams are expected to focus purely on functional concerns and demands.

Ans: False
Difficulty: Moderate
Ref: Trends in the Use of Teams

56. Cross-functional teams are expected to seek creative solutions and to think and act cross-functionally.

Ans: True
Difficulty: Easy
Ref: Trends in the Use of Teams

57. Because of information technology, virtual teams provide a problem-free approach to dealing with issues among team members at geographically dispersed locations.

Ans: False
Difficulty: Hard
Ref: Trends in the Use of Teams

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58. Difficulty in establishing good working relationships may occur in virtual teams due to the depersonalization that results from the absence of face-to-face interaction.

Ans: True
Difficulty: Moderate
Ref: Trends in the Use of Teams

59. Virtual teams should begin with social messaging that allows members to exchange information about themselves to personalize the process.

Ans: True
Difficulty: Easy
Ref: Trends in the Use of Teams

60. Starting with social messaging, assigning clear roles, and choosing members carefully are key to leading successful virtual teams.

Ans: True
Difficulty: Easy
Ref: Trends in the Use of Teams

61. Teams of workers whose jobs have been redesigned to create a high degree of task interdependence and have been given decision-making authority are called autonomous work groups.

Ans: True
Difficulty: Easy
Ref: Trends in the Use of Teams

62. Self-managing teams operate with participative decision making, shared tasks, and responsibility for many managerial tasks.

Ans: True
Difficulty: Easy
Ref: Trends in the Use of Teams

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63. Self-management responsibilities include planning and scheduling work, training members, distributing tasks, meeting performance goals, ensuring quality, and solving day-to-day problems.

Ans: True
Difficulty: Easy
Ref: Trends in the Use of Teams

64. Members of self-managing teams do not evaluate one another's performance contributions, nor do they hire or fire team members.

Ans: False
Difficulty: Moderate
Ref: Trends in the Use of Teams

65. The transition from traditional work settings to self-managing teams is usually effortless.

Ans: False
Difficulty: Moderate
Ref: Trends in the Use of Teams

66. In considering the results that any team must achieve, performance means that a work group or team is expected to transform resource inputs into product outputs that have some value for the organization.

Ans: True
Difficulty: Easy
Ref: How Teams Work

67. In considering the results that any team must achieve, gratification means that members should experience satisfaction from performance results and their participation in the process.

Ans: False
Difficulty: Moderate
Ref: How Teams Work

68. An effective team is defined as one that achieves and maintains high levels of task performance, achieves and maintains member satisfaction, and remains viable for the future.

Ans: True
Difficulty: Easy
Ref: How Teams Work

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69. Inputs to group process include the organizational setting, the nature of tasks, team size, and membership characteristics.

Ans: True
Difficulty: Easy
Ref: How Teams Work

70. The organizational setting is an input factor to group process that is concerned with providing support in the form of information, material resources, technology, spatial arrangements, organization structures, and rewards.

Ans: True
Difficulty: Easy
Ref: How Teams Work

71. The threshold point at which team size becomes a significant input factor in effective group process is 12 team members

Ans: False
Difficulty: Moderate
Ref: How Teams Work

72. Membership characteristics of teams include members who have the right skills mix and values and personalities that are compatible.

Ans: True
Difficulty: Moderate
Ref: How Teams Work

73. Group process refers to how the members of a team actually work together as they transform inputs into outputs.

Ans: True
Difficulty: Easy
Ref: How Teams Work

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74. Group process includes how well team members communicate, make decisions, and handle conflicts.

Ans: True
Difficulty: Easy
Ref: How Teams Work

75. Since group process is essential to team effectiveness, it guarantees team success.

Ans: False
Difficulty: Moderate
Ref: How Teams Work

76. Team diversity can present significant group process challenges because of different values, personalities, experiences, demographics, and cultures among the members.

Ans: True
Difficulty: Easy
Ref: How Teams Work

77. The more heterogeneous the team, the easier it is to manage team member relationships.

Ans: False
Difficulty: Moderate
Ref: How Teams Work

78. The phases or stages in the life cycle of any team are forming, storming, norming, performing, and adjourning.

Ans: True
Difficulty: Easy
Ref: How Teams Work

79. In the life cycle of a team, the initial task orientation and interpersonal testing of individual members occurs in the forming stage.

Ans: True
Difficulty: Easy
Ref: How Teams Work

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80. In the life cycle of a team, conflicts over tasks and ways of operating as a team occur in the storming stage.

Ans: True
Difficulty: Easy
Ref: How Teams Work

81. In the life cycle of a team, consolidation around task and operating agendas occurs in the performing stage.

Ans: False

Difficulty: Moderate
Ref: How Teams Work

82. The norming stage of the team life cycle is characterized by a period of high emotionality, the identification of team boundaries and team roles, and the ability to handle membership disagreements in creative ways.

Ans: False
Difficulty: Moderate
Ref: How Teams Work

83. A team that has achieved total integration at the performing stage of team development, will score high on the criteria of trust among members, feedback mechanisms, open communications, approach to decisions, and leadership sharing.

Ans: True
Difficulty: Easy
Ref: How Teams Work

84. In the adjourning stage of the team life cycle, the team should ideally disband with the sense that important goals have been accomplished.

Ans: True
Difficulty: Easy
Ref: How Teams Work

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85. "Rules" or "standards" that guide the behaviour of team members are called norms.

Ans: True
Difficulty: Easy
Ref: How Teams Work

86. When a team member violates team norms, the team may impose various sanctions on the offending member or expel the member from the team.

Ans: True
Difficulty: Easy
Ref: How Teams Work

87. A performance norm defines the level of work effort and performance that team members are expected to contribute.

Ans: True
Difficulty: Easy
Ref: How Teams Work

88. To build positive team norms, a leader can train and orient new members to adopt desired behaviours.

Ans: True
Difficulty: Easy
Ref: How Teams Work

89. In terms of team productivity, the best-case scenario of a work team's performance norms and cohesiveness occurs with positive performance norms and high team cohesiveness.

Ans: True
Difficulty: Moderate
Ref: How Teams Work

90. From a manager's perspective, the worst-case scenario of a work team's performance norms and cohesiveness occurs with negative performance norms and low team cohesiveness.

Ans: False
Difficulty: Easy
Ref: How Teams Work

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91. In order to increase cohesion, a manager can induce agreement on team goals, increase interactions among members, reward team rather than individual results, or provide physical isolation from other teams.

Ans: True
Difficulty: Easy
Ref: How Teams Work

92. Efforts to support the emotional life of the team as an ongoing social system are maintenance activities.

Ans: True
Difficulty: Easy
Ref: How Teams Work

93. Distributed leadership in teams makes every team member continually responsible for both recognizing when task or maintenance activities are needed and taking actions to provide them.

Ans: True
Difficulty: Easy
Ref: How Teams Work

94. The responsibility for task and maintenance activities belongs to the manager alone.

Ans: False
Difficulty: Moderate
Ref: How Teams Work

95. An action taken by a team member that contributes to the group's performance purpose is a task activity.

Ans: True
Difficulty: Easy
Ref: How Teams Work

96. A centralized communication network allows all members to communicate directly with each other.

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Ans: False
Difficulty: Moderate
Ref: How Teams Work

97. In a centralized communication network, communication flows only between individual members and a hub or central point.

Ans: True
Difficulty: Easy
Ref: How Teams Work

98. A restricted communication network seems to work best on simple tasks that require little creativity, information processing, and problem solving.

Ans: False
Difficulty: Moderate
Ref: How Teams Work

99. A decentralized communication network seems to work best on complex tasks that require intense interaction and information sharing.

Ans: True
Difficulty: Easy
Ref: How Teams Work

100. Interacting groups use a decentralized communication network that reflects high interdependency around a common task.

Ans: True
Difficulty: Easy
Ref: How Teams Work

101. Team building is sequence of planned activities used to gather and analyze data on the functioning of a team and to implement constructive changes to increase the team's operating effectiveness.

Ans: True
Difficulty: Easy
Ref: Trends in the Use of Teams

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102. Team building is a multi-step process that involves a clear and elevated goal, task driven structure, competent and committed members, a collaborative climate, high standards of excellence, external support and recognition, and strong principled leadership.

Ans: True
Difficulty: Easy
Ref: Trends in the Use of Teams

103. Managers can gather data on team functioning by conducting structured or unstructured interviews, administering questionnaires, and having team meetings.

Ans: True
Difficulty: Easy
Ref: Trends in the Use of Teams

104. For the diagnostic process to be effective in team building, careful and collaborative assessment of the team's inputs, processes, and results must be made.

Ans: True
Difficulty: Moderate
Ref: Trends in the Use of Teams

105. Problem solving is the process of making choices among alternative courses of action.

Ans: False
Difficulty: Moderate
Ref: Decision Making in Teams

106. As one of the most important group processes, decision making is complicated by the different ways in which teams can go about doing it.

Ans: True
Difficulty: Easy
Ref: Decision Making in Teams

107. Decision by lack of response occurs when one idea after another is suggested without discussing them, and then the team finally accepts an idea without any critical evaluation.

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Ans: True
Difficulty: Easy
Ref: Decision Making in Teams

108. Decision by minority rule is being used when a leader, manager, or committee head makes a decision for the team.

Ans: False
Difficulty: Moderate
Ref: Decision Making in Teams

109. Decision by authority rule is being used when two or three people can dominate the majority or "railroad" the majority into agreeing to a solution.

Ans: False
Difficulty: Moderate
Ref: Decision Making in Teams

110. When formal voting or polling takes place, with the objective of determining which idea is favoured by more than half the team members, the team is making a decision by majority rule.

Ans: True
Difficulty: Easy
Ref: Decision Making in Teams

111. Teams will make decisions by consensus when they argue, engage in reasonable conflict, respect one another, and yet make a decision that does not require unanimity but can be supported by all team members.

Ans: True
Difficulty: Easy
Ref: Decision Making in Teams

112. A very important team leadership skill is the ability to help a team choose the best decision method for the task at hand.

Ans: True
Difficulty: Easy
Ref: Decision Making in Teams

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113. To be effective in deciding whether to use individual, consultative, or group decision methods for a particular situation, team leaders must know how to solve problems better than any of the team members.

Ans: False
Difficulty: Moderate
Ref: Decision Making in Teams

114. Group decision making brings more information, knowledge, and expertise to bear on problems, and expands the number of alternatives that are considered.

Ans: True
Difficulty: Easy
Ref: Decision Making in Teams

115. Group decision making improves members' understanding and acceptance of the final decision, and diminishes their commitment to follow through on implementing the decision.

Ans: False
Difficulty: Moderate
Ref: Decision Making in Teams

116. A tendency for highly cohesive groups to lose their evaluative capabilities is called groupthink.

Ans: True
Difficulty: Easy
Ref: Decision Making in Teams

117. Symptoms of groupthink include: rationalizing unpleasant and disconfirming data; stereotyping competitors as weak, evil, and/or stupid; protecting members from hearing disturbing ideas or outside viewpoints; and applying direct pressure to deviants to conform to group wishes.

Ans: True
Difficulty: Easy
Ref: Decision Making in Teams

118. Groupthink can be avoided by having the leader strongly advocate a particular course of action.

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Ans: False
Difficulty: Moderate
Ref: Decision Making in Teams

119. Managers can avoid groupthink if they assign the role of critical evaluator to each team member to allow free discussion.

Ans: True
Difficulty: Easy
Ref: Decision Making in Teams

120. Groupthink can be avoided by creating sub-teams to work on the same problem and then sharing their proposed solutions, or by inviting outside experts to observe and react to group process and decisions.

Ans: True
Difficulty: Easy
Ref: Decision Making in Teams

121. Managers can avoid groupthink if they have team members discuss issues with outsiders and report back on their reactions, encourage a sharing of viewpoints, or invite outside experts to observe group activities and react to group process.

Ans: True
Difficulty: Easy
Ref: Decision Making in Teams

122. The quality of ideas is most the important criterion for brainstorming contributions.

Ans: False
Difficulty: Moderate
Ref: Decision Making in Teams

123. The guidelines for brainstorming include: ruling out all criticism, welcoming "freewheeling," getting a large quantity of ideas, and encouraging people to build on one another's ideas.

Ans: True
Difficulty: Easy
Ref: Decision Making in Teams

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124. The nominal group technique of decision making uses a highly structured meeting agenda to allow everyone to contribute ideas without the interference of others' evaluative comments.

Ans: True
Difficulty: Easy
Ref: Decision Making in Teams

125. Basic steps for running a nominal group session are: asking participants to work alone in generating ideas, reading ideas aloud in a round-robin fashion, recording all ideas as presented, and using a written voting procedure to rank order alternatives.

Ans: True
Difficulty: Easy
Ref: Decision Making in Teams

126. Conflict is a disagreement between two or more people on substantive or emotional issues.

Ans: True
Difficulty: Easy
Ref: Conflict

127. Conflict that occurs because of disagreements over things such as goals, the allocation of resources, the distribution of rewards, policies and procedures, or job assignments is referred to as emotional conflict.

Ans: False
Difficulty: Moderate
Ref: Conflict

128. When employees have feelings of anger, distrust, dislike, fear, and resentment toward others, emotional conflict is the likely cause.

Ans: True
Difficulty: Easy
Ref: Conflict

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129. The type of conflict that stimulates employees to work toward greater effort, cooperation, and creativity is functional conflict.

Ans: True
Difficulty: Easy
Ref: Conflict

130. Functional or constructive conflict occurs when conflict is moderate.

Ans: True
Difficulty: Easy
Ref: Conflict

131. Dysfunctional conflict is destructive and hurts task performance.

Ans: True
Difficulty: Easy
Ref: Conflict

132. Antecedent conditions that give rise to conflict include role ambiguities, resource scarcities, task interdependencies, competing objectives, structural differentiation, and unresolved prior conflicts.

Ans: True
Difficulty: Easy
Ref: Conflict

133. As a cause of conflict, role ambiguities involve unclear job expectations and other task uncertainties that increase the likelihood of people working at cross-purposes.

Ans: True
Difficulty: Easy
Ref: Conflict

134. As a cause of conflict, competing objectives involve individuals or groups being dependent on what others do in order to perform well themselves.

Ans: False
Difficulty: Moderate
Ref: Conflict

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135. As a cause of conflict, structural differentiation involves poorly set objectives or poorly designed reward systems.

Ans: False

Difficulty: Moderate
Ref: Conflict

136. As a cause of conflict, role ambiguities involve conflicts that remain latent and later re-emerge.

Ans: False
Difficulty: Moderate
Ref: Conflict

137. Effective conflict resolution eliminates the underlying substantive or emotional causes of conflict and reduces the potential for similar conflicts in the future.

Ans: True
Difficulty: Easy
Ref: Conflict

138. Conflict may remain latent in the situation if it is not resolved.

Ans: True
Difficulty: Moderate
Ref: Conflict

139. Conflicts can be resolved by making more resources available to everyone or by replacing or transferring one or more of the conflicting parties.

Ans: True
Difficulty: Moderate
Ref: Conflict

140. It is extremely difficult, if not, impossible, to effectively resolve conflicts by rearranging facilities, workspaces, and workflows to reduce opportunities for conflict.

Ans: False
Difficulty: Hard

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Ref: Conflict

141. It is extremely difficult, if not, impossible, to effectively resolve conflicts by changing reward systems to reduce competition among individuals and groups for rewards.

Ans: False
Difficulty: Hard
Ref: Conflict

142. Policies and procedures may be used to direct behaviour in appropriate ways in order to effectively resolve conflicts.

Ans: True
Difficulty: Moderate
Ref: Conflict

143. In assessing conflict management styles, cooperativeness refers to the desire to satisfy one's own needs and concerns.

Ans: False
Difficulty: Moderate
Ref: Conflict

144. The conflict management style of avoidance involves being uncooperative and unassertive.

Ans: True
Difficulty: Easy
Ref: Conflict

145. The conflict management style of accommodation is characterized by downplaying disagreement, withdrawing from the situation, and/or staying neutral at all costs.

Ans: False
Difficulty: Moderate
Ref: Conflict

146. The conflict management style of accommodation involves being cooperative and unassertive.

Ans: True
Difficulty: Easy

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Ref: Conflict

147. The conflict management style of competition involves being uncooperative and assertive.

Ans: True
Difficulty: Easy
Ref: Conflict

148. The conflict management style of collaboration involves being moderately cooperative and assertive.

Ans: False
Difficulty: Moderate
Ref: Conflict

149. The conflict management style of compromise is characterized by bargaining for "acceptable" solutions where each party wins a bit and loses a bit.

Ans: True
Difficulty: Easy
Ref: Conflict

150. The avoidance and accommodation conflict management styles create lose-lose conflicts.

Ans: True
Difficulty: Moderate
Ref: Conflict

151. Lose-lose conflict occurs when no one achieves his or her true desire and the underlying reasons for conflict remain unaffected.

Ans: True
Difficulty: Easy
Ref: Conflict

152. When conflict management results in one party achieving its desires and the other party not achieving its desires, a win-lose conflict will occur.

Ans: True
Difficulty: Easy

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Ref: Conflict

153. The collaboration conflict management style creates a win-win conflict.

Ans: True
Difficulty: Moderate
Ref: Conflict

154. Win-win conflict resolution is the most preferred result of conflict management.

Ans: True
Difficulty: Easy
Ref: Conflict

155. Negotiation is the process of making joint decisions when the parties involved have different preferences.

Ans: True
Difficulty: Easy
Ref: Negotiation

156. Substance goals are concerned with outcomes and the content issues of negotiation.

Ans: True
Difficulty: Easy
Ref: Negotiation

157. Effective negotiation occurs when issues of substance are resolved and working relationships among the negotiating parties are maintained or improved.

Ans: True
Difficulty: Easy
Ref: Negotiation

158. Quality, cost, and harmony are criteria for evaluating the effectiveness of negotiations.

Ans: True
Difficulty: Easy

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Ref: Negotiation

159. The distributive negotiation approach focuses on "win-lose" claims made by each party for certain preferred results.

Ans: True
Difficulty: Easy
Ref: Negotiation

160. The principled or integrative negotiation approach focuses on trying to achieve a "win-win" solution that considers the interests of all the negotiating parties.

Ans: True
Difficulty: Easy
Ref: Negotiation

161. In conducting a principled negotiation, a person should separate the people from the problem; focus on interests, not on positions; generate many alternatives before deciding what to do; and insist that results are based on an objective standard.

Ans: True
Difficulty: Easy
Ref: Negotiation

162. A negotiator's personal best alternative to a negotiated agreement (BATNA) addresses his or her question: "What will I do if an agreement cannot be reached?"

Ans: True
Difficulty: Easy
Ref: Negotiation

163. In a two-party negotiation, the minimum reservation point refers to the smallest outcome that one party is willing to accept and the maximum reservation point refers to the largest outcome that the other party is prepared to eventually offer.

Ans: True
Difficulty: Easy
Ref: Negotiation

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164. The bargaining zone in a classic two-party negotiation is defined as the zone between one party's minimum reservation point and the other party's maximum reservation point.

Ans: True
Difficulty: Easy
Ref: Negotiation

165. Nonrational escalation of conflict occurs when the negotiator becomes committed to previously stated demands and allows needs for "ego" and "face-saving" to increase the perceived importance of satisfying those demands.

Ans: True
Difficulty: Easy
Ref: Negotiation

166. Too much "telling" and too little "hearing" occurs when the negotiator becomes overconfident, believing that his or her position is the only correct one, and failing to see the needs of the other party and the merits of the other party's position.

Ans: False
Difficulty: Moderate
Ref: Negotiation

167. Arbitration involves a neutral third party who tries to improve communication between negotiating parties and keep them focused on relevant issues.

Ans: False
Difficulty: Moderate
Ref: Negotiation

168. Mediation involves a neutral third party who acts as a "judge" and issues a binding decision to resolve a dispute.

Ans: False
Difficulty: Moderate
Ref: Negotiation

169. Alternative dispute resolution utilizes mediation and/or arbitration but only after direct attempts to negotiate agreements between the conflicting parties have failed.

Ans: True
Difficulty: Easy

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Ref: Negotiation

Multiple Choice

170. What factor distinguishes a group of people from a high-performance team?
A. Nothing, they are the same
B. The social diversity of the group
C. The way members work with one another to achieve common goals
D. None of the above

Ans: C
Difficulty: Moderate
Ref: Learning From Others

171. Which of the following would contribute to a high performing team?
A. A team member being expert in a task
B. Team members being fully aware of how their job fits into the team task
C. Team members understanding their tasks are interdependent
D. All of the above
E. None of the above

Ans: D
Difficulty: Hard
Ref: Learning From Others

172. In general, teams are expected to perform:
A. At the same level as individuals
B. At a lower level than individuals
C. At a higher level than individuals
D. None of the above

Ans: C
Difficulty: Moderate
Ref: Learning From Others

173. Managers of high performing teams:
A. Allow team members to do whatever they want
B. Carefully plan and choreograph individual jobs integrated into the team tasks

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C. Foster disruptive acts to excite team members to higher performance
D. All of the above

Ans: B
Difficulty: Moderate
Ref: Learning From Others

174. High performing teams:
A. Perform individual tasks nearly flawlessly and in near perfect order and unison
B. Never worry about the performance order or unison of tasks
C. Only are concerned with the performance of tasks not the order and unison
D. None of the above

Ans: A
Difficulty: Moderate
Ref: Learning From Others

175. Things people do to help teams succeed and help their members enjoy the team experience is called:
A. Team Destiny
B. Team Contributions
C. A Dream Team
D. Unnecessary

Ans: B
Difficulty: Easy
Ref: Learning About Yourself

176. What is the teamwork effect?
A. Team members working together for a long enough time to learn each other's skill, interactions and ways of performing
B. An aberration of academia
C. An overrated concept related to new teams only
D. None of the above

Ans: A
Difficulty: Moderate
Ref: Learning About Yourself

177. According to the textbook, which of the following are "must have" team skills?
A. Encouraging and motivating others
B. Persuading others to cooperate

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C. Avoiding disruptive acts and words
D. All of the above
E. None of the above

Ans: D
Difficulty: Moderate
Ref: Learning About Yourself

178. A "must have" skill for a team is:
A. Accepting suggestions
B. At least one "star" member
C. At most one disruptive act per every two team tasks
D. Avoidance of consensus

Ans: A
Difficulty: Moderate
Ref: Learning About Yourself

179. Resolving and negotiating conflict is seen as a:
A. Needless endeavour in team building
B. A "must have" team skill
C. Too expensive to spend much time doing
D. A task left to the company CEO

Ans: B
Difficulty: Moderate
Ref: Learning About Yourself

180. With respect to teams and teamwork, the key question for managers and team leaders is:
A. How do we make sure that teams and teamwork satisfy team members?
B. How do we make sure that teams and teamwork benefit the organization financially?
C. How do we make sure that teams and teamwork are utilized throughout the entire organization?
D. How do we make sure that teams and teamwork are utilized to everyone's best advantage?
E. How do we make sure that teams and teamwork do not consume excessive amounts of time?

Ans: D
Difficulty: Hard
Ref: Teams in Organizations

181. A(n) _____ is a small group of people with complementary skills, who work together to accomplish shared goals while holding themselves mutually accountable for performance results.

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A. Organization.
B. Network.
C. Team.
D. Gang.
E. Agency.

Ans: C
Difficulty: Easy
Ref: Teams in Organizations

182. The process of people actively working together in groups to accomplish common goals is called _____.
A. Interpersonal interaction.
B. Organizational work.
C. Camaraderie.
D. Teamwork.
E. Synergy.

Ans: D
Difficulty: Easy
Ref: Teams in Organizations

183. The textbook identifies four important team and teamwork roles for managers. Which of the following is NOT one of these roles?
A. Supervisor.
B. Facilitator.
C. Follower.
D. Participant.
E. Coach.

Ans: C
Difficulty: Moderate
Ref: Teams in Organizations

184. When the whole is greater than the sum of the individual parts, a special benefit of teamwork occurs. This special benefit is known as _____.
A. A quality circle.
B. Group dynamics.
C. Team building.
D. Cohesiveness.
E. Synergy.

Ans: E
Difficulty: Moderate
Ref: Teams in Organizations

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185. All of the following are examples of the usefulness of teams EXCEPT:
A. More resources for problem solving
B. Improved creativity
C. Higher motivation'
D. Better control and work discipline
E. Complete elimination of personality conflicts

Ans: E
Difficulty: Moderate
Ref: Teams in Organizations

186. _____ refers to the presence of "free riders" who slack off because responsibility is diffused in teams and others are present to do the work.
A. Social imperfection.
B. Poor work ethics.
C. Antisynergy.
D. Synergy.
E. Social loafing.

Ans: E
Difficulty: Easy
Ref: Teams in Organizations

187. The problems typically associated with meetings include all of the following EXCEPT:
A. People arrive late, leave early, and don't take things seriously.
B. The meeting is too short.
C. People don't stay on topic.
D. Nothing happens when the meeting is over; no one puts decisions into action.
E. Things never get better; the same mistakes are made meeting after meeting.

Ans: B
Difficulty: Moderate
Ref: Teams in Organizations

188. Jim belongs to a special project group assigned to investigate possible recreation activities for the upcoming summer work program. Jim knows others are present to do his work and is considered to be a "free rider" by other group members. This group has encountered _____.
A. Social imperfection.
B. Synergy.
C. Social loafing.
D. Poor work ethics.

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E. Slow learners.

Ans: C
Difficulty: Hard
Ref: Teams in Organizations

189. Which one of following items does NOT identify a problem that is commonly encountered in teams?
A. Personality conflicts.
B. A strong belief in group work.
C. Differences in work styles.
D. Task ambiguity.
E. Poor readiness to work.

Ans: B
Difficulty: Moderate
Ref: Teams in Organizations

190. All of the following statements accurately describe problems that are typically associated with meetings EXCEPT:
A. The meeting is too long.
B. The discussion lacks candour; people are unwilling to tell the truth.
C. The right information isn't available, so decisions get postponed.
D. Things never get better.
E. People gain understanding of issues and one another.

Ans: E
Difficulty: Moderate
Ref: Teams in Organizations

191. Two types of groups are especially important to managers in organizations. These groups are _____.
A. Formal and developmental.
B. Informal and formal.
C. Formal and cohesive.
D. Cohesive and emergent.
E. Psychological and social.

Ans: B
Difficulty: Moderate
Ref: Teams in Organizations

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192. _____ are part of the formal organizational structure and are created to fulfill a variety of essential operations.
A. Formal groups.
B. Cohesive groups.
C. Emergent groups.
D. Psychological groups.
E. Social groups.

Ans: A
Difficulty: Easy
Ref: Teams in Organizations

193. According to the perspective that organizations are interlocking networks of groups, managers and leaders serve as _____.
A. "Linking pins" because each manager or leader acts as a superior in one work group and as a subordinate in the next higher-level one.
B. "King pins" because everyone reports to them.
C. "Nerve centers" because they control the communication channels.
D. "Gatekeepers" because work flows upward and downward through their offices.
E. "Group processors" because they make the whole team function properly.

Ans: A
Difficulty: Hard
Ref: Teams in Organizations

194. _____ are ones that emerge within organizations from "spontaneous" relationships among people rather than being officially created by the organization to serve an essential purpose.
A. Informal groups.
B. Psychological groups.
C. Aggregate groups.
D. Emergent groups.
E. Ad hoc groups.

Ans: A
Difficulty: Easy
Ref: Teams in Organizations

195. Interest groups, friendship groups, and support groups are examples of _____.
A. Formal teams.
B. Functional teams.
C. Cross-functional groups.
D. Self-managing groups.
E. Informal groups.

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Ans: E
Difficulty: Easy
Ref: Teams in Organizations

196. Informal groups that emerge for a wide variety of personal reasons (including shared nonwork interests) are called _____.
A. Interest groups.
B. Friendship groups.
C. Support groups.
D. Enabling groups.
E. Autonomous groups.

Ans: B
Difficulty: Moderate
Ref: Teams in Organizations

197. Which of the following statements does NOT accurately describe an implication of informal groups for organizations?
A. Informal groups can have a positive impact on work performance.
B. Relationships within informal groups may actually help speed the workflow within the formal structure.
C. Informal groups can help satisfy social needs.
D. Informal groups can provide security for group members.
E. Informal groups perform tasks that are essential to the accomplishments of key operating objectives.

Ans: E
Difficulty: Hard
Ref: Teams in Organizations

198. The trend toward _____ in organizations is associated with new developments in the use of teams.
A. More use of information technology.
B. Greater empowerment.
C. Downsizing and rightsizing.
D. Greater outsourcing.
E. More ethical behaviour.

Ans: B
Difficulty: Moderate
Ref: Trends in the Use of Teams

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199. A committee is a _____.
A. Group of people who meet to work on a specific problem.
B. Permanent self-managing team.
C. Temporary work team.
D. Collection of people working together in a division of labour to accomplish a common purpose.
E. Formal team of people working together outside their daily job assignments to pursue a specific purpose.

Ans: E
Difficulty: Easy
Ref: Trends in the Use of Teams

200. _____ or _____ bring together people from various parts of an organization to work on common problems, but on a temporary basis.
A. Project teams … cross-functional teams.
B. Committees … tasks forces.
C. Project teams … tasks forces.
D. Cross-functional teams … virtual forces.
E. Employee involvement teams … committee.

Ans: C
Difficulty: Hard
Ref: Trends in the Use of Teams

201. _____ is a temporary group created to solve a specific problem.
A. A task force.
B. A functional group.
C. A quality control circle.
D. An autonomous work group.
E. A command group.

Ans: A
Difficulty: Easy
Ref: Trends in the Use of Teams

202. A _____ has members who come from different functional units of the organization.
A. Departmental sharing team.
B. Cross-functional team.
C. Structural team.
D. Communication team.
E. Organizational involvement committee.

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Ans: B
Difficulty: Easy
Ref: Trends in the Use of Teams

203. _____ are indispensable to organizations that emphasize adaptation and horizontal integration.
A. Departmental sharing teams.
B. Structural teams.
C. Communication teams.
D. Cross-functional teams.
E. Organizational involvement committees.

Ans: D
Difficulty: Easy
Ref: Trends in the Use of Teams

204. A group of people who work together and solve problems through computer-mediated interactions instead of face-to-face meetings is operating as _____.
A. An automated quality circle.
B. A virtual team.
C. An electronically stimulated group.
D. A wide-area network team.
E. A human resource team.

Ans: B
Difficulty: Moderate
Ref: Trends in the Use of Teams

205. Frank works in the downtown office of a large consulting firm. Joe, Steve, and Michele work in a branch office in a northwest suburb. Joan and David work in a branch office in an eastern suburb. When these people collectively work on problems and try to figure out solutions that they all can accept, they sit down at their computer terminals and communicate with each other through a special software program that guides their discussion. These people are operating as _____.
A. A free riding group.
B. An informal group.
C. A human network.
D. A virtual team.
E. Task-focused problem solvers.

Ans: D
Difficulty: Hard
Ref: Trends in the Use of Teams

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206. Which of the following does NOT accurately describe virtual teams?
A. Team members from geographically dispersed locations can deal with issues in a time-efficient fashion.
B. Because of information technology, virtual teams provide a problem-free approach to dealing with issues among team members at geographically dispersed locations.
C. Interpersonal difficulties that might occur in face-to-face meetings could be minimized or eliminated.
D. Working relationships can become depersonalized.
E. Advantages of face-to-face meetings are lost.

Ans: B
Difficulty: Moderate
Ref: Trends in the Use of Teams

207. In a growing number of organizations, the functional team — consisting of a first-level supervisor and her or his subordinates — is being replaced by _____
A. Informal task structures.
B. Electronic networks.
C. High command structures.
D. Self-managing teams.
E. Manager involvement teams.

Ans: D
Difficulty: Easy
Ref: Trends in the Use of Teams

208. Which of the following statements does NOT accurately describe self-managing teams?
A. Self-managing teams are authorized to make decisions about how they share and perform the required work.
B. Self-managing teams operate with participative decision making, shared tasks, and responsibility for many managerial tasks.
C. Self-managing teams never have the authority to hire or fire team members.
D. Self-management responsibilities typically include planning and scheduling work as well training members in various tasks.
E. Self-managing teams are expected to help enhance performance, decrease costs, and improve morale.

Ans: C
Difficulty: Hard
Ref: Trends in the Use of Teams

209. Self-managing teams possess all of the following characteristics EXCEPT:

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A. Members train one another to develop multiple job skills.
B. Members evaluate one another's performance contributions.
C. Members have discretion in scheduling work within the team.
D. Members are held individually accountable for performance results.
E. Members have discretion in distributing tasks within the team.

Ans: D
Difficulty: Moderate
Ref: Trends in the Use of Teams

210. In considering the results that any team must achieve, _____ means that a work group or team is expected to transform resource inputs into product outputs that have some value for the organization.
A. Performance.
B. Cohesion.
C. Commitment.
D. Satisfaction.
E. Future viability.

Ans: A
Difficulty: Moderate
Ref: How Teams Work

211. In considering the results that any team must achieve, _____ means that members should experience satisfaction from performance results and their participation in the process.
A. Performance.
B. Gratification.
C. Commitment.
D. Satisfaction.
E. Future viability.

Ans: D
Difficulty: Moderate
Ref: How Teams Work

212. An effective team is defined as one that _____.
A. Achieves and maintains high levels of task performance.
B. Achieves and maintains member satisfaction.
C. Remains viable for the future.
D. All of the above.
E. None of the above.

Ans: D
Difficulty: Easy
Ref: How Teams Work

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213. Which input factor to group process concerns providing support in the form of information, material resources, technology, spatial arrangements, organization structures, and rewards?
A. Organizational setting.
B. Nature of the tasks.
C. Team size.
D. Membership characteristics.
E. Group norms.

Ans: A

Difficulty: Moderate
Ref: How Teams Work

214. In comparison to simple tasks, complex tasks require more information exchange and more intense interactions. This fact reflects which input factor of group process?
A. The nature of tasks.
B. Membership characteristics.
C. The organizational setting.
D. The type of the group.
E. The cohesiveness of the group.

Ans: A
Difficulty: Moderate
Ref: How Teams Work

215. The number and complexity of interactions can make teams increasingly difficult to manage as they grow in size. The threshold point at which team size becomes a significant input factor in effective group process is _____.
A. Four or five team members.
B. Six or seven team members.
C. Eight or nine team members.
D. Ten or eleven team members.
E. Twelve team members.

Ans: B
Difficulty: Moderate
Ref: How Teams Work

216. _____ refer(s) to how the members of a team actually work together as they transform inputs into outputs.
A. Working relationships.

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B. Interpersonal relationships.
C. Group process.
D. Job specifications.
E. Team responsibilities.

Ans: C
Difficulty: Easy
Ref: How Teams Work

217. Which of the following statements does NOT accurately describe group process?
A. Group process includes how well team members communicate, make decisions, and handle conflicts.
B. When group process fails, team effectiveness can suffer.
C. Since group process is essential to team effectiveness, it guarantees team success.
D. Teams must have the resource inputs needed to deal best with the task at hand.
E. The organizational setting, nature of the task, team size, and membership characteristics are key inputs to group process.

Ans: C
Difficulty: Moderate
Ref: How Teams Work

218. _____ can present significant group process challenges because of different values, personalities, experiences, demographics, and cultures among the members.
A. Team effectiveness.
B. Team diversity.
C. Team cohesiveness.
D. Team size.
E. Team norms.

Ans: B
Difficulty: Easy
Ref: How Teams Work

219. The group process challenge is to _____ the advantages and _____ the potential disadvantages of team diversity.
A. Minimize … minimize.
B. Minimize … maximize.
C. Maximize … minimize.
D. Maximize … maximize.
E. None of the above is correct.

Ans: C

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Difficulty: Hard
Ref: How Teams Work

220. The phases or stages in the life cycle of any team are _____.
A. Forming, storming, norming, performing, and adjourning.
B. Introduction, growth, maturity, and decline.
C. Forming, norming, performing, and satisfying.
D. Inputs, throughputs, and outputs.
E. Problem definition, problem analysis, solution generation, solution implementation, and evaluation.

Ans: A
Difficulty: Moderate
Ref: How Teams Work

221. In the life cycle of a team, the initial task orientation and interpersonal testing of individual members occurs in the _____ stage.
A. Forming.
B. Storming.
C. Norming.
D. Performing.
E. Adjourning.

Ans: A
Difficulty: Easy
Ref: How Teams Work

222. In the life cycle of a team, conflicts over tasks and ways of operating as a team occur in the _____ stage.
A. Forming.
B. Storming.
C. Norming.
D. Performing.
E. Adjourning.

Ans: B
Difficulty: Easy
Ref: How Teams Work

223. In the life cycle of a team, teamwork and focused task performance occur in the _____ stage.
A. Forming.

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B. Storming.
C. Norming.
D. Performing.
E. Adjourning.

Ans: D
Difficulty: Easy
Ref: How Teams Work

224. In the life cycle of a team, task accomplishment and eventual disengagement occur in the _____ stage.
A. Forming.
B. Storming.
C. Norming.
D. Performing.
E. Adjourning.

Ans: E
Difficulty: Easy
Ref: How Teams Work

225. The norming stage of the team life cycle is characterized by _____.
A. A period of high emotionality.
B. The identification of team boundaries and team roles.
C. Efforts to find ways to accomplish group goals while also satisfying individual needs.
D. The team becoming a coordinated work unit with shared rules of conduct.
E. The ability to handle membership disagreements in creative ways.

Ans: D
Difficulty: Easy
Ref: How Teams Work

226. During the _____ stage of the team life cycle, total integration of team members occurs, and they creatively deal with complex tasks and interpersonal conflicts.
A. Forming.
B. Storming.
C. Norming.
D. Performing.
E. Adjourning.

Ans: D
Difficulty: Easy
Ref: How Teams Work

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227. "Rules" or "standards" that guide the behaviour of team members are called _____.
A. Cohesion factors.
B. Required behaviours.
C. Task guides.
D. Maintenance behaviours.
E. Norms.

Ans: E
Difficulty: Easy
Ref: How Teams Work

228. A _____ defines the level of work effort and performance that team members are expected to contribute.
A. Team norm.
B. Performance norm.
C. Work norm.
D. Work/effort norm.
E. Productivity norm.

Ans: B
Difficulty: Easy
Ref: How Teams Work

229. The degree to which members are attracted to and motivated to remain part of the team is called _____.
A. Groupthink.
B. Norm intensity.
C. System interaction.
D. Cohesiveness.
E. Social behaviour.

Ans: D
Difficulty: Easy
Ref: How Teams Work

230. In terms of team productivity, the best-case scenario of a work team's performance norms and cohesiveness occurs with _____ performance norms and _____ team cohesiveness.
A. High … high.
B. Positive … high.
C. Negative … high.
D. Negative … low.
E. Positive … low.

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Ans: B
Difficulty: Hard
Ref: How Teams Work

231. Which of the following is NOT something a manager can do to increase team cohesion?
A. Increase membership homogeneity.
B. Decrease team size.
C. Introduce competition with other teams.
D. Reward team rather than individual results.
E. Encourage direct physical contact with other teams.

Ans: E
Difficulty: Moderate
Ref: How Teams Work

232. Activities that contribute directly to the team's performance purpose are called _____.
A. Maintenance activities.
B. Group dynamics.
C. Required behaviours.
D. Group process activities.
E. Task activities.

Ans: E
Difficulty: Moderate
Ref: How Teams Work

233. Two types of activities are essential if team members are to work well together over time. These two activities are _____.
A. Task and maintenance activities.
B. Norm and cohesion building activities.
C. Effectiveness and efficiency training activities.
D. Promoting interactions and sentiments.
E. Developing emergent and required behaviours.

Ans: A
Difficulty: Moderate
Ref: How Teams Work

234. Efforts to support the emotional life of the team as an ongoing social system are _____.
A. Affective behaviours.
B. Affiliation activities.

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C. Maintenance activities.
D. Support services.
E. Cohesion activities.

Ans: C
Difficulty: Moderate
Ref: How Teams Work

235. _____ makes every team member continually responsible for both recognizing when task or maintenance activities are needed and taking actions to provide them.
A. Team cohesiveness.
B. Distributed leadership.
C. Groupthink.
D. Consensus.
E. An interacting group pattern.

Ans: B
Difficulty: Easy
Ref: How Teams Work

236. A _____ allows all members to communicate directly with each other.
A. Centralized communication network.
B. Neutral communication network.
C. Decentralized communication network.
D. Restricted communication network.
E. Standard communication network.

Ans: C
Difficulty: Easy
Ref: How Teams Work

237. In a _____, communication flows only between individual members and a hub or central point.
A. Centralized communication network.
B. Neutral communication network.
C. Decentralized communication network.
D. Restricted communication network.
E. Standard communication network.

Ans: A
Difficulty: Easy
Ref: How Teams Work

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238. A _____ seems to work best on complex tasks that require intense interaction and information sharing.
A. Decentralized communication network.
B. Centralized communication network.
C. Neutral communication network.
D. Restricted communication network.
E. Standard communication network.

Ans: A
Difficulty: Easy
Ref: How Teams Work

239. _____ is sequence of planned activities used to gather and analyze data on the functioning of a team and to implement constructive changes to increase the team's operating effectiveness.
A. Team cohesiveness.
B. Team building.
C. Team planning.
D. Leadership development.
E. Virtual team creation.

Ans: B
Difficulty: Easy
Ref: Trends in the Use of Teams

240. Team building is a multi-step process. Which of the following is NOT a recommended team-building step?
A. Become aware of potential problems.
B. Develop individual competitive goals.
C. Gather and analyze data.
D. Develop action plans.
E. Evaluate results.

Ans: B
Difficulty: Moderate
Ref: Trends in the Use of Teams

241. The ultimate goal of _____ is to create more and better teamwork among group members.
A. Formal groups.
B. Informal groups.
C. Team building.
D. Leadership training.
E. Problem solving.

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Ans: C
Difficulty: Moderate
Ref: Trends in the Use of Teams

242. _____ is the process of making choices among alternative courses of action.
A. Problem solving.
B. Decision making.
C. Groupthink.
D. Group cohesion
E. High-performance leadership.

Ans: B
Difficulty: Easy
Ref: Decision Making in Teams

243. Decision by _____ occurs when one idea after another is suggested without discussing them, and then the team finally accepts an idea without any critical evaluation.
A. Majority rule.
B. Lack of response.
C. Authority rule.
D. Consensus.
E. Minority rule.

Ans: B
Difficulty: Easy
Ref: Decision Making in Teams

244. Decision by _____ is being used when two or three people can dominate the majority or "railroad" the majority into agreeing to a solution.
A. Majority rule.
B. Lack of response.
C. Authority rule.
D. Consensus.
E. Minority rule.

Ans: E
Difficulty: Easy
Ref: Decision Making in Teams

245. When formal voting or polling takes place, with the objective of determining which idea is favoured by more than half the team members, the team is making a decision by _____.
A. Majority rule.

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B. Lack of response.
C. Authority rule.
D. Consensus.
E. Minority rule.

Ans: A
Difficulty: Hard
Ref: Decision Making in Teams

246. Teams will make decisions by _____ when they argue, engage in reasonable conflict, respect one another, and yet make a decision that does not require unanimity but can be supported by all team members.
A. Consensus.
B. Unanimity.
C. Majority rule.
D. Minority rule.
E. Lack of response.

Ans: A
Difficulty: Easy
Ref: Decision Making in Teams

247. A very important _____ is the ability to help a team choose the best decision method for the task at hand.
A. Team member skill.
B. Team leadership skill.
C. Team building skill.
D. Groupthink skill.
E. Group cohesion skill.

Ans: B
Difficulty: Easy
Ref: Decision Making in Teams

248. To be effective in deciding whether to use individual, consultative, or group decision methods for a particular situation, team leaders must _____.
A. Understand the assets and liabilities of group decision making.
B. Have competent and motivated group members.
C. Know how to solve problems better than any of the team members.
D. All of the above.
E. None of the above.

Ans: A
Difficulty: Hard

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Ref: Decision Making in Teams

249. Potential advantages of group decision making include all of the following EXCEPT:
A. Group decision making brings more information, knowledge, and expertise to bear on problems.
B. Group decision making expands the number of alternatives that are considered.
C. Group decision making improves members' understanding and acceptance of the final decision.
D. Group decision making increases members' commitment to follow through on implementing the decision.
E. Group decision making promotes decisions favoured by a small but powerful coalition.

Ans: E
Difficulty: Hard
Ref: Decision Making in Teams

250. A tendency for highly cohesive groups to lose their evaluative capabilities is called _____.
A. Synergy.
B. Norm overload.
C. Dysfunctionalism.
D. Group stasis.
E. Groupthink.

Ans: E
Difficulty: Moderate
Ref: Decision Making in Teams

251. Sharon belongs to a highly cohesive group. The group makes decisions about how profits from the annual fundraiser will be spent. However, Sharon refuses to communicate her personal concerns to the entire group. This is an example of which symptom of groupthink?
A. Stereotyping competitors as stupid.
B. Mind guarding.
C. Applying direct pressure to deviants to conform to the group.
D. Self-censorship by members.
E. Illusions of unanimity.

Ans: D
Difficulty: Hard
Ref: Decision Making in Teams

252. Groupthink can be avoided by doing all of the following EXCEPT:
A. Assigning the role of critical evaluator to each group member.

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B. Having the leader strongly advocate a particular course of action.
C. Creating sub-teams to work on the same problem and then sharing their proposed solutions.
D. Inviting outside experts to observe and react to group process and decisions.
E. Assigning one member to play a "devil's advocate" role at each team meeting.

Ans: B
Difficulty: Hard
Ref: Decision Making in Teams

253. The team decision-making technique that rules out criticism and encourages freewheeling and building on one another's ideas is known as _____.
A. Quality circles.
B. Nominal team building.
C. Brainstorming.
D. Groupthink.
E. Creativity.

Ans: C
Difficulty: Moderate
Ref: Decision Making in Teams

254. The guidelines for brainstorming include all of the following EXCEPT:
A. All criticism is ruled out.
B. "Freewheeling" is welcomed.
C. Quantity of ideas is important.
D. Quality of ideas is important
E. Building on one another's ideas is encouraged.

Ans: D
Difficulty: Moderate
Ref: Decision Making in Teams

255. _____ uses a highly structured meeting agenda to allow everyone to contribute ideas without the interference of evaluative comments by others.
A. A quality circle.
B. The nominal group technique.
C. Brainstorming.
D. Groupthink.
E. Conflict management.

Ans: B
Difficulty: Easy
Ref: Decision Making in Teams

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256. _____ is the disagreement between two or more people on substantive or emotional issues.
A. Compromise.
B. Behavioural self-interest.
C. Competitiveness.
D. Social discord.
E. Conflict.

Ans: E
Difficulty: Easy
Ref: Conflict

257. Conflict that occurs because of disagreements over things such as goals, the allocation of resources, the distribution of rewards, policies and procedures, or job assignments is referred to as _____conflict.
A. Substantive.
B. Administrative.
C. Organizational.
D. Emotional.
E. Confrontational.

Ans: A
Difficulty: Moderate
Ref: Conflict

258. When employees have feelings of anger, distrust, dislike, fear, and resentment toward others, _____ conflict is the likely cause.
A. Substantive.
B. Administrative.
C. Emotional.
D. Organizational.
E. Confrontational.

Ans: C
Difficulty: Easy
Ref: Conflict

259. The type of conflict that stimulates employees to work toward greater work efforts, cooperation, and creativity is _____ conflict.
A. Functional.
B. Concentrated.
C. Dysfunctional.

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D. Destructive.
E. Cooperative.

Ans: A
Difficulty: Easy
Ref: Conflict

260. _____ conflict is destructive and hurts task performance.
A. Functional.
B. Concentrated.
C. Dysfunctional.
D. Constructive.
E. Cooperative.

Ans: C
Difficulty: Easy
Ref: Conflict

261. Dysfunctional or destructive conflict occurs when conflict is _____.
A. Very low.
B. Moderate.
C. Very high.
D. Both A and C.
E. Both B and C.

Ans: D
Difficulty: Easy
Ref: Conflict

262. According to the text, which of the following is NOT a cause of conflict?
A. Role ambiguities.
B. Structural differentiation.
C. Technological advances.
D. Task interdependencies.
E. Unresolved prior conflicts.

Ans: C
Difficulty: Moderate
Ref: Conflict

263. As a cause of conflict, _____ involve unclear job expectations and other task uncertainties that increase the likelihood that people will be working at cross-purposes.
A. Role ambiguities.

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B. Resource scarcities.
C. Task interdependencies.
D. Competing objectives.
E. Structural differentiation.

Ans: A
Difficulty: Easy
Ref: Conflict

264. As a cause of conflict, _____ involve individuals or groups being dependent on what others do in order to perform well themselves.
A. Role ambiguities.
B. Task interdependencies.
C. Competing objectives.
D. Structural differentiation
E. Unresolved prior conflicts.

Ans: B
Difficulty: Easy
Ref: Conflict

265. As a cause of conflict, _____ involve poorly set objectives or poorly designed reward systems.
A. Role ambiguities.
B. Task interdependencies.
C. Competing objectives.
D. Structural differentiation
E. Unresolved prior conflicts.

Ans: C
Difficulty: Easy
Ref: Conflict

266. Effective _____ eliminates the underlying substantive or emotional causes of conflict and reduces the potential for similar conflicts in the future.
A. Stress management.
B. Constructive feedback.
C. Conflict resolution.
D. Negotiation.
E. Decision making.

Ans: C

Difficulty: Easy

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Ref: Conflict

267. Which of the following statements is NOT true regarding conflict and conflict resolution?
A. Conflict may remain latent in the situation if it is not resolved.
B. Effective conflict resolution should eliminate the underlying cause for conflict.
C. True conflict resolution removes any existing conditions that might rekindle the original conflict.
D. Managers are usually unable to redirect resolution toward constructive rather than destructive ends.
E. Effective conflict resolution reduces the potential for similar conflicts in the future.

Ans: D
Difficulty: Hard
Ref: Conflict

268. Managers may choose different integrative devices for resolving conflicts between individuals or groups. Which of the following is NOT one of these integrative devices?
A. Using liaison personnel, special task forces, cross-functional teams, or a matrix organization to change interaction patterns and assist in conflict management.
B. Changing reward systems to reduce competition among individuals and groups for rewards.
C. Changing the people by replacing or transferring one or more of the conflicting parties.
D. Policies and procedures may be used to direct behaviour in appropriate ways.
E. Training in interpersonal skills can help prepare people to work more effectively in conflict situations.

Ans: C
Difficulty: Hard
Ref: Conflict

269. In assessing conflict management styles, _____ refers to the desire to satisfy another party's needs and concerns.
A. Assertiveness.
B. Best alternative to a negotiated agreement.
C. Cooperativeness.
D. Alternative dispute resolution.
E. Intensity of conflict.

Ans: C
Difficulty: Easy
Ref: Conflict

270. In assessing conflict management styles, _____ refers to the desire to satisfy one's own needs and concerns.

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A. Assertiveness.
B. Best alternative to a negotiated agreement.
C. Cooperativeness.
D. Alternative dispute resolution.
E. Intensity of conflict.

Ans: A
Difficulty: Easy
Ref: Conflict

271. The conflict management style of _____ involves being uncooperative and unassertive. This style is characterized by downplaying disagreement, withdrawing from the situation, and/or staying neutral at all costs.
A. Avoidance.
B. Accommodation.
C. Competition.
D. Compromise.
E. Collaboration.

Ans: A
Difficulty: Easy
Ref: Conflict

272. Suppose that a manager responds to a disagreement between subordinates by saying: "I don't want to get in the middle of your personal disputes." This manager is using which conflict management style?
A. Avoidance.
B. Authoritative command.
C. Accommodation.
D. Collaboration.
E. Unassertive.

Ans: A
Difficulty: Moderate
Ref: Conflict

273. Ken is being cooperative but unassertive with his employees during a conflict situation. He tries to smooth over their differences but it only produces a false sense of harmony among them. Ken is using which conflict management style?
A. Avoidance.
B. Competition.
C. Accommodation.
D. Compromise.
E. Collaboration.

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Ans: C
Difficulty: Hard
Ref: Conflict

274. The conflict management style of _____involves being uncooperative and assertive. This style is characterized by working against the wishes of the other party, engaging in win-lose competition, and/or forcing through the exercise of authority.
A. Avoidance.
B. Accommodation.
C. Competition.
D. Compromise.
E. Collaboration.

Ans: C
Difficulty: Hard
Ref: Conflict

275. Whenever he is involved in a disagreement, Harry tries to partially satisfy both his concerns and the other party's concerns through bargaining and appropriate trade-offs. Harry uses which conflict management style?
A. Avoidance.
B. Competition.
C. Accommodation.
D. Compromise.
E. Collaboration.

Ans: D
Difficulty: Hard
Ref: Conflict

276. Len emphasizes cooperation and assertiveness in dealing with conflict situations in his department. Differences are worked through together so that everybody's concerns are addressed and everyone gains something in the end. Len uses which conflict management style?
A. Competition.
B. Avoidance.
C. Collaboration.
D. Accommodation.
E. Compromise.

Ans: C
Difficulty: Hard
Ref: Conflict

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277. _____ conflict occurs when no one achieves his or her true desire and the underlying reasons for conflict remain unaffected.
A. Lose-lose.
B. Win-lose.
C. Win-win.
D. Satisficing.
E. Optimizing.

Ans: A
Difficulty: Moderate
Ref: Conflict

278. When conflict management results in one party achieving its desires and the other party not achieving its desires, a _____ conflict will occur.
A. Win-win.
B. Win-lose.
C. Satisficing.
D. Lose-lose.
E. Neutral.

Ans: B
Difficulty: Moderate
Ref: Conflict

279. _____ is the process of making joint decisions when the parties involved have different preferences.
A. Coalition.
B. Collaboration.
C. Negotiation.
D. Collective bargaining.
E. Management by objectives.

Ans: C
Difficulty: Easy
Ref: Negotiation

280. _____ are concerned with outcomes and the content issues of negotiation.
A. Effective goals.
B. Process goals.
C. Substance goals.
D. Relationship goals.
E. Performance goals.

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Ans: C
Difficulty: Easy
Ref: Negotiation

281. _____ are concerned with processes and the way people work together during negotiation and how they (and any constituencies they represent) will be able to work together again in the future.
A. Process goals.
B. Relationship goals.
C. Future goals.
D. Human resource goals.
E. Harmony goals.

Ans: B
Difficulty: Easy
Ref: Negotiation

282. The effectiveness of negotiations can be evaluated with _____.
A. Quality.
B. Cost.
C. Harmony.
D. A and B.
E. A, B, and C.

Ans: E
Difficulty: Easy
Ref: Negotiation

283. The _____ negotiation approach focuses on "win-lose" claims made by each party for certain preferred results.
A. Substantive.
B. Integrative.
C. Principled.
D. Distributive.
E. Desirable.

Ans: D
Difficulty: Easy
Ref: Negotiation

284. The _____ negotiation approach focuses on trying to achieve a "win-win" solution that considers the interests of all the negotiating parties.

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A. Principled/integrative.
B. Unilateral.
C. Collaborative.
D. Distributive.
E. Desirable.

Ans: A
Difficulty: Easy
Ref: Negotiation

285. Which of the following is NOT one of the rules of principled negotiation?
A. Focus on interests, not positions.
B. Generate only a few alternatives before a decision is made.
C. Insist that results are based on an objective standard.
D. Separate the people from the problem.
E. Generate many alternatives before deciding what to do.

Ans: B
Difficulty: Moderate
Ref: Negotiation

286. In a two-party negotiation, the _____ refers to the smallest outcome that one party is willing to accept and the _____ refers to the largest outcome that the other party is prepared to eventually offer.
A. Minimum reservation point … maximum reservation point.
B. Maximum reservation point … minimum reservation point.
C. Adequate reservation point … maximum reservation point.
D. Minimum reservation point … adequate reservation point.
E. Minimum reservation point … reservation break point.

Ans: D
Difficulty: Hard
Ref: Negotiation

287. The _____ in a classic two-party negotiation is defined as the zone between one party's minimum reservation point and the other party's maximum reservation point.
A. Mediation gap.
B. Bargaining zone.
C. Arbitration area.
D. Negotiating screen.
E. Indifference zone.

Ans: B
Difficulty: Easy
Ref: Negotiation

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288. Which of the following is NOT a negotiation pitfall?
A. Too much mediation.
B. Falling prey to the myth of the "fixed pie."
C. Nonrational escalation of conflict.
D. Overconfidence and ignoring others' needs.
E. Too much "telling" and too little "hearing."

Ans: A
Difficulty: Moderate
Ref: Negotiation

289. _____ occurs when the negotiator becomes committed to previously stated demands and allows needs for "ego" and "face saving" to increase the perceived importance of satisfying those demands.
A. Too much mediation.
B. Falling prey to the myth of the "fixed pie."
C. Nonrational escalation of conflict.
D. Overconfidence and ignoring others' needs.
E. Too much "telling" and too little "hearing."

Ans: C
Difficulty: Easy
Ref: Negotiation

290. _____ involves acting on the distributive assumption that in order for one party to gain, the other party must lose.
A. Too much mediation.
B. Falling prey to the myth of the "fixed pie."
C. Nonrational escalation of conflict.
D. Overconfidence and ignoring others' needs.
E. Too much "telling" and too little "hearing."

Ans: B
Difficulty: Easy
Ref: Negotiation

291. _____ involves a neutral third party who tries to improve communication between negotiating parties and keep them focused on relevant issues.
A. Distributive negotiations.
B. Integrative negotiations.
C. Mediation.

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D. Arbitration.
E. Alternative dispute resolution.

Ans: C
Difficulty: Easy
Ref: Negotiation

292. _____ involves a neutral third party who acts as a "judge" and issues a binding decision to resolve a dispute.
A. Distributive negotiations.
B. Integrative negotiations.
C. Mediation.
D. Arbitration.
E. Alternative dispute resolution.

Ans: D
Difficulty: Easy
Ref: Negotiation

Essay Questions

293. How do teams contribute to organizations?

Ans: Teams can be a source of synergy for organizations. Team members working together can accomplish more on behalf of the organization than the individual members can working separately. Teams also benefit organizations by: increasing resources for problem solving; fostering creativity and innovation; improving the quality of decision making; enhancing members' commitments to tasks; raising motivation through collective action; helping with control and work discipline; and satisfying individual needs as organizations grow in size.
Difficulty: Easy
Ref: Teams in Organizations

294. Define team contribution.

Ans: Contribution is defined as the things people do to help teams succeed or fail and help or hinder their members enjoy the team experience. Positive team contributions enhance team performance, negative team contributions detract from team performance.
Difficulty: Easy
Ref: Learning About Yourself

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295. Identify and describe the basic types of teams that exist within organizations.

Ans: The basic types of teams that are used in organizations include committees, project teams and task forces, cross-functional teams, employee involvement teams, virtual teams, and self-managing work teams. Each of these teams is described below:

- A committee brings people together outside of their daily job assignments to work in a small team for a specific purpose. The task agenda is typically narrow, focused, and ongoing A committee's membership may change over time even as the committee remains in existence.
- Project teams or task forces bring together people from various parts of an organization to work on common problems, but on a temporary rather than permanent basis. Official tasks are very specific and time defined. A task force or project team disbands once the stated purpose has been accomplished
- A cross-functional team has members who come from different functional units to work on a specific problem or task, and to do so with the needs of the whole organization in mind. These teams share information, explore new ideas, seek creative solutions, meet project deadlines, and are not limited by purely functional concerns and demands.
- Employee involvement teams are groups of workers who meet on a regular basis outside of their formal assignments, with the goal of applying their expertise and attention to continuous improvement.
- Virtual teams are teams of people who work together and solve problems through largely computer-mediated rather than face-to-face interactions.
- Self-managing work teams are teams of workers whose jobs have been redesigned to create a high degree of task interdependence, and who have been given authority to make many decisions about how they do the required work. The self-management responsibilities include planning and scheduling work, training members in various tasks, sharing tasks, meeting performance goals, ensuring high quality, solving day-to-day operating problems and, in some cases, "hiring" and "firing" team members.

Difficulty: Moderate
Ref: Trends in the Use of Teams

296. Briefly describe the stages of group/team development. Think of a group or team in which you have held or currently hold membership. Explain how the stages of group/team development can be applied to this example group or team.

Ans: The stages of team development are forming, storming, norming, performing, and adjourning. Each of these stages is described briefly below:

- The forming stage is a stage of initial orientation and interpersonal testing. Members begin to identify with other members and the team itself. Members are concerned about getting acquainted, establishing interpersonal relationships, identifying acceptable behaviour, and learning how others perceive the team's task.
- The storming stage is a stage of conflict over tasks, interpersonal concerns, and ways of operating as a team. Members may become highly emotional and tensions may emerge over task and interpersonal concerns. Task agendas become clarified and members begin to understand one another's interpersonal styles. Efforts are made to find ways to meet team goals while also satisfying individual needs.
- The norming stage is a stage of consolidation around task and operating agendas. Members of the team begin to become coordinated as a working unit and tend to operate with shared rules of conduct. The team feels a sense of leadership and each member

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starts to play useful roles. Harmony and cooperation are emphasized, but minority viewpoints may be discouraged. Members are likely to develop initial feelings of closeness, a division of labour, and a sense of shared expectations.

- The performing stage is a stage of true teamwork and focused task performance. The team becomes mature, organized, and well functioning. Members perform complex tasks and deal with conflict in creative ways. The team operates with a clear and stable structure, and members are motivated by team goals.
- The adjourning stage is a stage of preparation for eventual disengagement. Members prepare to achieve closure and disband. Adjourning is especially common for temporary teams that operate in the form of task forces and projects teams. Ideally, the team disbands with a desire to work together again in the future should the opportunity arise.

The students should compare their group/team experiences to the information contained in the preceding framework.
Difficulty: Moderate
Ref: How Teams Work

297. Why are negotiating skills useful for managers? What should a manager do to become an effective negotiator?

Ans: Managers will inevitably be in positions where there are disagreements about courses of action to pursue or differences of opinion about what results are desired. In these types of situations, negotiation comes into play. In order to be effective in dealing with such situations, managers need to be effective negotiators. Successful negotiation occurs when issues of substance (*i.e.*, the "content" issues) are resolved and working relationships among the negotiating parties are maintained or even improved in the process.

A manager can become a skilled or effective negotiator by learning to follow the rules of principled negotiation, which include the following: separate the people from the problem; focus on interests, not on positions; generate many alternatives before deciding what to do; and insist that results are based on some objective standard. A skilled negotiator also recognizes and avoids the following common negotiation pitfalls: falling prey to the myth of the fixed pie; nonrational escalation of conflict; overconfidence and ignoring others' needs; and too much telling and too little hearing.
Difficulty: Moderate
Ref: Negotiation

298. Teams are responsible for collecting, generating, evaluating, deliberating, fusing, choosing, and acting on information in order to resolve issues. From a decision-management viewpoint, all of these activities are decision-making activities. Describe the different methods that teams might use to make decisions.

Ans: Teams make decisions by at least six different methods: lack of response, authority rule, minority rule, majority rule, consensus, and unanimity. In decision by lack of response, one idea after another is suggested without any discussion taking place. In decision by authority rule, the leader, manager, committee head, or some other authority figure makes a decision for the team. In decision by minority rule, two or three people are able to dominate or "railroad" the team into making a mutually agreeable decision. In decision by majority rule, formal voting may take place, or members may be polled to find the majority viewpoint. In decision by consensus,

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discussion leads to one alternative being favoured by most members and the other members agreeing to support it. In decision by unanimity, all team members agree on the course of action to be taken.

Difficulty: Moderate
Ref: Decision-Making In Teams

299. What is an effective team? How can team building increase team effectiveness? How can leadership help increase team effectiveness?

Ans: An effective team is one that achieves and maintains high levels of both task performance and member satisfaction, and retains its viability for the future. Team building is a sequence of planned activities to gather and analyze data on the functioning of a team and to implement constructive changes to increase its operating effectiveness. Team building fosters the development of high-performing teams with the following characteristics: a clear and elevating goal; a task-driven and results-oriented structure; competent and committed members who work hard; a collaborative climate; high standards of excellence; external support and recognition; and strong and principled leadership. In addition to strong and principled leadership, effective leaders of high-performing teams act to establish a clear vision of the future, create change, and unleash talent.

Difficulty: Moderate
Ref: Trends in the Use of Teams

300. Conflicts are often inevitable in the business world. Explain the five different conflict management styles and their potential implications for actually resolving conflict situations.

Ans: People's conflict management styles reflect different combinations of cooperative and assertive behaviour. The five styles of conflict management that result from different combinations of cooperativeness and assertiveness are the following:

- Avoidance — being uncooperative and unassertive; downplaying disagreement, withdrawing from the situation, and/or staying neutral at all costs.
- Accommodation — being cooperative but unassertive; letting the other party's wishes rule; smoothing over or overlooking differences to maintain harmony.
- Competition — being uncooperative but assertive; working against the wishes of the other party, engaging in win-lose competition, and/or forcing through the exercise of authority.
- Compromise — being moderately cooperative and assertive; bargaining for "acceptable" solutions where each party wins a bit and loses a bit.
- Collaboration — being both cooperative and assertive; trying to satisfy everyone's concerns fully by working through differences, finding and solving problems so everyone gains.

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The implications for actually resolving conflicts may be viewed in the context of lose-lose conflict, win-lose conflict, and win-win conflict. Lose-lose conflict occurs when no one achieves his or her true desire and the underlying reasons for conflict remain unaffected. This is common when conflict is managed by avoidance or accommodation. Win-lose conflict occurs when each party strives to gain at the other's expense. This occurs with competition and compromise. Win-win conflict occurs when issues are resolved to the mutual benefit of all conflicting parties. Win-win conflict occurs with collaboration.

Difficulty: Hard
Ref: Conflict

301. Briefly explain the following terms:
Social loafing
Cohesiveness
Distributed leadership
Groupthink
Functional conflict
Principled negotiation

Ans: Social loafing is the tendency of some people to avoid responsibility by "free-riding" in groups. Social loafing and other problems can easily turn the great potential of teams into frustration and failure.
Cohesiveness is the degree to which members are attracted to and motivated to remain part of a team. Persons in a highly cohesive team value their membership and strive to maintain positive relationships with other team members. Because they experience satisfaction from team identification, they tend to conform to the norms.
Distributed leadership is when all members of a team contribute helpful task and maintenance behaviours.
Groupthink is a tendency for highly cohesive teams to lose their evaluative capabilities. Groupthink can occur anywhere. In fact, Janis ties a variety of well-known historical blunders to the phenomenon, including the lack of preparedness of U.S. naval forces for the Japanese attack on Pearl Harbour and the U.S. Bay of Pigs invasion under President John F. Kennedy.
Functional conflict, or constructive conflict, stimulates people toward greater work efforts, cooperation, and creativity. It helps groups achieve their goals.
Principled negotiation, often called integrative negotiation, is based on a win-win orientation. The focus on substance is still important, but the interests of all parties are considered. The goal is to base the final outcome on the merits of individual claims and to try to find a way for all claims to be satisfied, if at all possible. No one should lose in a principled negotiation, and positive relationships should be maintained in the process.

Difficulty: Hard
Ref: Teams in Organizations, How Teams Work, Decision-Making In Teams, Conflict and Negotiation

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Chapter 16: Control processes and systems

True/False

1. Planning and controlling are critical to meeting personal and organizational goals and objectives.

Ans: True
Difficulty: Easy
Ref: Why and How Managers Control

2. Control plays a positive and necessary role in the management process.

Ans: True
Difficulty: Easy
Ref: Why and How Managers Control

3. Controlling is a process of measuring performance and taking action to ensure desired results.

Ans: True
Difficulty: Easy
Ref: Why and How Managers Control

4. The purpose of controlling is to make sure plans are achieved and that actual performance meets or surpasses objectives.

Ans: True
Difficulty: Easy
Ref: Why and How Managers Control

5. Controlling makes sure that individual and group performance is consistent with plans and that employees comply with organizational policies and procedures.

Ans: True
Difficulty: Easy
Ref: Why and How Managers Control

6. Controlling ensures that the right things happen, in the right way, at the right time.

Ans: True
Difficulty: Easy

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Ref: Why and How Managers Control

7. An after-action review is a structured review of lessons learned and results accomplished on a completed project.

Ans: True
Difficulty: Easy
Ref: Why and How Managers Control

8. Feedforward, concurrent, and feedback controls are relevant to different phases of the organization's input-throughput-output cycle.

Ans: True
Difficulty: Moderate
Ref: Why and How Managers Control

9. Feedforward controls, also known as preliminary controls, are intended to ensure that objectives are clear, that proper directions are established, and that the right resources are available to accomplish objectives.

Ans: True
Difficulty: Moderate
Ref: Why and How Managers Control

10. The central question of feedforward control is: "What can be done to improve things right now?"

Ans: False
Difficulty: Hard
Ref: Why and How Managers Control

11. Concurrent controls, or steering controls, focus on the end results of an activity rather than the inputs or the activities.

Ans: False
Difficulty: Easy
Ref: Why and How Managers Control

12. Concurrent control focuses on what happens during the work process.

Ans: True
Difficulty: Easy
Ref: Why and How Managers Control

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13. The central question of concurrent control is: "What needs to be done before we begin?"

Ans: False
Difficulty: Easy
Ref: Why and How Managers Control

14. Feedback controls, or postaction controls, monitor ongoing operations and activities to make sure things are being done according to plan.

Ans: False
Difficulty: Moderate
Ref: Why and How Managers Control

15. The central question of feedback control is: "Now that we are finished, how did we do?"

Ans: True
Difficulty: Moderate
Ref: Why and How Managers Control

16. Feedback control takes place after an action is finished.

Ans: True
Difficulty: Easy
Ref: Why and How Managers Control

17. Internal control occurs when motivated individuals and groups exercise self-discipline in fulfilling job requirements.

Ans: True
Difficulty: Easy
Ref: Why and How Managers Control

18. External control occurs when managers use personal supervision or formal administrative systems.

Ans: True
Difficulty: Easy
Ref: Why and How Managers Control

19. Effective control typically involves some combination of internal and external control.

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Ans: True
Difficulty: Hard
Ref: Why and How Managers Control

20. The potential for self-control is increased when people have a clear sense of organizational mission, know their performance goals, have the necessary resources to do their jobs well, treat each other with respect and consideration, and work in a participative organizational culture.

Ans: True
Difficulty: Hard
Ref: Why and How Managers Control

21. Bureaucratic control influences behaviour through authority, policies, procedures, job descriptions, budgets, and day to day supervision.

Ans: True
Difficulty: Easy
Ref: Why and How Managers Control

22. Control that flows through the organizations hierarchy of authority is called Autocratic control.

Ans: False
Difficulty: Moderate
Ref: Why and How Managers Control

23. The Sarbanes-Oxley (SOX) Act that establishes procedures to regulate financial reporting and governance in publicly traded companies was passed in response to major corporate failures such as Worldcom and Enron.

Ans: True
Difficulty: Easy
Ref: Why and How Managers Control

24. The goal of the policies and procedures regarding sexual harassment is to make sure that members behave toward one another respectfully and in ways that offer no suggestion of sexual pressures or improprieties in the workplace.

Ans: True
Difficulty: Moderate
Ref: Why and How Managers Control

25. Budgets do not provide points of control. They are merely estimates of expenses.

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Ans: False
Difficulty: Moderate
Ref: Why and How Managers Control

26. Organizations typically operate within the limitations set by the budget.

Ans: True
Difficulty: Moderate
Ref: Why and How Managers Control

27. There are no laws that govern the behaviour of top executives.

Ans: False
Difficulty: Easy
Ref: Why and How Managers Control

28. The best example of laws governing the behaviour of top executives is the Drake-Doyle Act of 2004.

Ans: False
Difficulty: Moderate
Ref: Why and How Managers Control

29. There are laws that govern the behaviour of top executives.

Ans: True
Difficulty: Easy
Ref: Why and How Managers Control

30. The best example of a law which governs the behaviour of top executives is the Sarbanes-Oxley Act.

Ans: True
Difficulty: Easy
Ref: Why and How Managers Control

31. The Sarbanes-Oxley Act establishes procedures to regulate financial reporting and governance in publicly traded corporations.

Ans: True
Difficulty: Moderate
Ref: Why and How Managers Control

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32. The Sarbanes-Oxley Act was passed in response to major corporate failures regarding the accuracy of reported financial information, such as with Enron and Worldcom, that raised serious questions regarding top management behaviour and the accuracy of financial reports provided by the firms.

Ans: True
Difficulty: Moderate
Ref: Why and How Managers Control

33. Under Sarbanes-Oxley, chief executives and chief financial officers must sign off on financial reports and certify their accuracy under penalty of jail and/or personal fines.

Ans: True
Difficulty: Moderate
Ref: Why and How Managers Control

34. A CEO and a CFO may be put in jail and pay personal fines if they misstate their company's financial records.

Ans: True
Difficulty: Moderate
Ref: Why and How Managers Control

35. Clan control influences behaviour through norms and expectations set by the organizational culture.

Ans: True
Difficulty: Moderate
Ref: Why and How Managers Control

36. Clan control is a contrasting type of control from bureaucratic control.

Ans: True
Difficulty: Moderate
Ref: Why and How Managers Control

37. Clan control represents the power of collective identity.

Ans: True
Difficulty: Moderate
Ref: Why and How Managers Control

38. Market control is essentially the influence of market competition on the behaviour or organizations and their members.

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Ans: True
Difficulty: Moderate
Ref: Why and How Managers Control

39. "Keeping up with the competition" is another way of expressing the dynamics of market controls in operation.

Ans: True
Difficulty: Moderate
Ref: Why and How Managers Control

40. Business firms show the influence of market control in the way that they adjust products, pricing, promotions and other practices in response to customer feedback as reflected in sales and profitability.

Ans: True
Difficulty: Moderate
Ref: Why and How Managers Control

41. Controlling is a four-step process that includes establishing objectives, measuring actual performance, comparing results with objectives and standards, and taking corrective action as needed.

Ans: True
Difficulty: Hard
Ref: Steps in the Control Process

42. Planning is the beginning step of the control process when performance objectives and standards for measuring them are set.

Ans: True
Difficulty: Easy
Ref: Steps in the Control Process

43. Output standards measure effort in terms of the amount work expended in task performance.

Ans: False
Difficulty: Easy
Ref: Steps in the Control Process

44. Input standards measure performance results in terms of quantity, quality, cost, or time of accomplished work.

Ans: False
Difficulty: Easy

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Ref: Steps in the Control Process

45. Without some form of measurement of results, effective control is not possible.

Ans: True
Difficulty: Easy
Ref: Steps in the Control Process

46. In the control process, measurement must be accurate enough to identify significant differences between what is really taking place and what was originally planned.

Ans: True
Difficulty: Moderate
Ref: Steps in the Control Process

47. The problem with performance measurement is that the things that get measured don't often happen.

Ans: False
Difficulty: Moderate
Ref: Steps in the Control Process

48. The control equation focuses on determining the need for action and reflects the difference between desired performance and actual performance.

Ans: True
Difficulty: Easy
Ref: Steps in the Control Process

49. Desired performance and actual performance can be compared from historical, relative, or engineering perspectives.

Ans: True
Difficulty: Easy
Ref: Steps in the Control Process

50. Dealing with an identified need can point toward performance threat or deficiency – when actual performance is more than desired.

Ans: False
Difficulty: Easy
Ref: Steps in the Control Process

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51. When performance results compared to objectives are less than desired, a performance opportunity exists.

Ans: False
Difficulty: Moderate
Ref: Steps in the Control Process

52. In utilizing a historical approach for comparing desired and actual performance, a manager will use past performance as a benchmark.

Ans: True
Difficulty: Moderate
Ref: Steps in the Control Process

53. In utilizing a relative approach to compare desired and actual performance, a manager will use the organization's objectives to set the standard.

Ans: False
Difficulty: Moderate
Ref: Steps in the Control Process

54. Under management by exception, corrective action is reserved for situations showing the greatest need for action.

Ans: True
Difficulty: Easy
Ref: Steps in the Control Process

55. The practice of giving priority attention to situations showing the greatest need for action is called management by opportunity.

Ans: False
Difficulty: Easy
Ref: Steps in the Control Process

56. Management by exception is the technique of focusing managerial attention on situations where the difference between actual and desired performance is greatest.

Ans: True
Difficulty: Easy
Ref: Steps in the Control Process

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57. A problem situation is one that must be understood so corrective action can restore performance to the desired level.

Ans: True
Difficulty: Easy
Ref: Steps in the Control Process

58. The goal of an opportunity situation is to increase or to continue the high level of accomplishment in the future.

Ans: True
Difficulty: Easy
Ref: Steps in the Control Process

59. Discipline is the act of influencing behaviour through reprimand.

Ans: True
Difficulty: Easy
Ref: Control Systems and Techniques

60. When discipline is handled in a fair, consistent, and systematic way, it is a useful form of managerial control.

Ans: True
Difficulty: Easy
Ref: Control Systems and Techniques

61. The "hot stove rules" refer to a set of Occupational Safety and Health Administration (OSHA) rules for handling hot materials.

Ans: False
Difficulty: Moderate
Ref: Control Systems and Techniques

62. A hot stove burns and people should not touch a hot stove in order to avoid harm. Based on this notion, the "hot stove rules" analogy of employee discipline indicates that a reprimand should be immediate, directed toward someone's actions, consistently applied, and support realistic rules.

Ans: True
Difficulty: Moderate
Ref: Control Systems and Techniques

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63. Progressive discipline ties reprimands to the severity and frequency of the employee's behavioural infractions.

Ans: True
Difficulty: Easy
Ref: Control Systems and Techniques

64. In progressive discipline, the goal always is to achieve compliance with organizational expectations through harshest reprimand possible.

Ans: False
Difficulty: Easy
Ref: Control Systems and Techniques

65. Projects are unique onetime events that occur within a defined time period.

Ans: True
Difficulty: Easy
Ref: Control Systems and Techniques

66. The responsibility for the overall planning, supervising, and controlling of the project is called project management.

Ans: True
Difficulty: Easy
Ref: Control Systems and Techniques

67. A project manager's job is to ensure that a project is completed on time, within budget, and consistent with the project's objectives.

Ans: True
Difficulty: Easy
Ref: Control Systems and Techniques

68. Gantt charts are useful only for long-term, very complex projects.

Ans: False
Difficulty: Hard
Ref: Control Systems and Techniques

69. A graphic display of task scheduling required to complete a project is called a Gantt chart.

Ans: True

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Difficulty: Easy
Ref: Control Systems and Techniques

70. A CPM/PERT is a combination of the critical path method and the program evaluation and review technique.

Ans: True
Difficulty: Easy
Ref: Control Systems and Techniques

71. The beginning and end points, known as nodes, in a series of sub-activities on a CPM/PERT often have arrows between them to indicate what order tasks must be completed.

Ans: True
Difficulty: Moderate
Ref: Control Systems and Techniques

72. The activities listed on the arrows of a CPM/PERT analysis are known as AOA diagram or activities-on-nodes.

Ans: False
Difficulty: Moderate
Ref: Control Systems and Techniques

73. In exercising financial control over organizations, managers should consider liquidity, leverage, asset management, and profitability.

Ans: True
Difficulty: Easy
Ref: Control Systems and Techniques

74. Liquidity ratios use information about current assets and current liabilities.

Ans: True
Difficulty: Moderate
Ref: Control Systems and Techniques

75. Asset management ratios focus on the relationship between profits and either average inventory or total assets.

Ans: False
Difficulty: Hard
Ref: Control Systems and Techniques

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76. Inventory turnover is one method for determining the company's financial liquidity.

Ans: False
Difficulty: Hard
Ref: Control Systems and Techniques

77. A firm's analysis of financial performance is an important aspect of managerial control.

Ans: True
Difficulty: Easy
Ref: Control Systems and Techniques

78. There is pressure on organizations to use their financial resources well to achieve high performance.

Ans: True
Difficulty: Easy
Ref: Control Systems and Techniques

79. Economic value added is a performance measure of economic value created in respect to profits being higher than the cost of capital.

Ans: True
Difficulty: Moderate
Ref: Control Systems and Techniques

80. Economic value added is not a measure of the economic value being created by the firm.

Ans: False
Difficulty: Moderate
Ref: Control Systems and Techniques

81. The more economic value added the more successful the firm.

Ans: True
Difficulty: Moderate
Ref: Control Systems and Techniques

82. Market value added is a performance measure of stock market value relative to the cost of capital.

Ans: True
Difficulty: Moderate

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Ref: Control Systems and Techniques

83. Market value added is not a measure of wealth creation.

Ans: False
Difficulty: Moderate
Ref: Control Systems and Techniques

84. A firm is considered financially weaker the more its valuation in the stock market exceeds its capital costs.

Ans: False
Difficulty: Moderate
Ref: Control Systems and Techniques

85. Liquidity ratios measure a firm's ability to meet short term obligations.

Ans: True
Difficulty: Easy
Ref: Control Systems and Techniques

86. Leverage ratios measure a firm's use of equity for capitalization.

Ans: False
Difficulty: Moderate
Ref: Control Systems and Techniques

87. Asset management ratios measure a company's asset and inventory efficiency.

Ans: True
Difficulty: Moderate
Ref: Control Systems and Techniques

88. Profitability ratios measure a company's ability to earn costs greater than revenues.

Ans: False
Difficulty: Moderate
Ref: Control Systems and Techniques

Multiple-Choice

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89. Which of the following statements about controlling is/are accurate?
a) Managers keep an eye out for problems.
b) Managers monitor the performance goals of their organizations.
c) Managers expect for people who fall behind in performance objectives to ask for help.
d) B and C.
e) A, B, and C.

Ans: E
Difficulty: Easy
Ref: Why and How Managers Control

90. The word "control" must be used carefully because _____.
a) Controlling is an unethical managerial practice that must be concealed.
b) Most employees resent managerial control.
c) The word has a negative connotation.
d) Few managers actually know what it means.
e) Control is malicious.

Ans: C
Difficulty: Easy
Ref: Introduction

91. Which of the following statements about control is/are correct?
a) Control plays a positive and necessary role in the management process.
b) To have things under control is good.
c) To have things out of control is bad.
d) B and C.
e) A, B, and C.

Ans: E
Difficulty: Easy
Ref: Why and How Managers Control

92. Which of the following is the definition of controlling found in the textbook?
a) Controlling refers to actions taken to reverse negative behavioural trends of employees.
b) Controlling is the monitoring of the fiscal results of managerial policies.
c) Controlling is the management process that separates the clever manager from the dim-witted manager.
d) Controlling is a process of measuring performance and taking action to ensure desired results.
e) Controlling is the set of actions that a manager takes to prevent inventory shrinkage.

Ans: D
Difficulty: Moderate
Ref: Why and How Managers Control

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93. The purpose of controlling is to _____.
a) Motivate employees to work overtime hours.
b) Make sure plans are achieved and that actual performance meets or surpasses objectives.
c) Define a plan of action for the organization.
d) Coordinate resources and task performance.
e) Develop a hierarchy of objectives for lower-level managers.

Ans: B
Difficulty: Moderate
Ref: Why and How Managers Control

94. Controlling does all of the following EXCEPT:
a) Makes sure that performance by individuals and groups is consistent with plans.
b) Ensures that objectives and accomplishments of various subgroups of the organization are consistent with each other in a means-ends fashion.
c) Secures adequate financing for the enterprise.
d) Makes sure employees comply with organizational policies and procedures.
e) Ensures that the right things happen, in the right way, at the right time.

Ans: C
Difficulty: Hard
Ref: Why and How Managers Control

95. A(n) _____ is a structured review of lessons learned and results accomplished on a completed project.
a) Post-dated assessment.
b) After-action review.
c) Learning organization critique.
d) Structured project analysis.
e) Action planning assessment.

Ans: B
Difficulty: Moderate
Ref: Why and How Managers Control

96. Which of the following statements is accurate?
a) Feedforward controls are also called preliminary controls.
b) Concurrent controls are also called postaction controls.
c) Feedback controls are also called preliminary controls.
d) All of the above.
e) None of the above.

Ans: A
Difficulty: Easy
Ref: Why and How Managers Control

97. A feedforward control system focuses on _____.

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a) Work inputs.
b) Work processes.
c) Work throughputs.
d) Work responsibilities.
e) Work outputs.

Ans: A
Difficulty: Easy
Ref: Why and How Managers Control

98. The central question of _____control is: "What needs to be done before we begin?"
a) Damage.
b) Feedforward.
c) Concurrent.
d) Feedback.
e) Postaction.

Ans: B
Difficulty: Moderate
Ref: Why and How Managers Control

99. _____ ensures that directions and resources are right before the work begins.
a) Feedback.
b) Prior.
c) Feedforward.
d) Postaction.
e) Internal.

Ans: C
Difficulty: Moderate
Ref: Why and How Managers Control

100. A concurrent control system focuses on _____.
a) Work inputs.
b) Work objectives.
c) Work throughputs.
d) Work responsibilities.
e) Work outputs.

Ans: C
Difficulty: Easy
Ref: Why and How Managers Control

101. The central question of _____control is: "What can be done to improve things right now?"
a) Damage.
b) Preliminary.

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c) Concurrent.
d) Feedback.
e) Postaction.

Ans: C
Difficulty: Moderate
Ref: Why and How Managers Control

102. Shift supervisors working alongside employees, constantly observing and intervening with immediate corrective action when something is not done properly, is an example of _____ control.
a) Concurrent.
b) Preliminary.
c) Unnecessary.
d) Feedback.
e) Feedforward.

Ans: A
Difficulty: Hard
Ref: Why and How Managers Control

103. A feedback control system focuses on _____.
a) Work inputs.
b) Work objectives.
c) Work throughputs.
d) Work responsibilities.
e) Work outputs.

Ans: E
Difficulty: Easy
Ref: Why and How Managers Control

104. Controls that focus on end results and provide information that can be used for future planning are called _____controls.
a) Concurrent.
b) Steering.
c) Posterior.
d) Feedback.
e) End-result.

Ans: D
Difficulty: Easy
Ref: Why and How Managers Control

105. The central question of _____control is: "Now that we are finished, how did we do?"
a) Damage.
b) Preliminary.

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c) Concurrent.
d) Feedback.
e) Feedforward.

Ans: D
Difficulty: Moderate
Ref: Why and How Managers Control

106. A cost report showing budget overruns on a project completed during the prior month is an example of which type of control?
a) Cost control.
b) Preliminary control.
c) Feedback control.
d) Steering control.
e) Managerial control.

Ans: C
Difficulty: Hard
Ref: Why and How Managers Control

107. Internal control occurs when _____.
a) Motivated individuals and groups are directly supervised.
b) Computers are used to monitor performance inside the organization.
c) Motivated individuals and groups exercise self-discipline in fulfilling job requirements.
d) Managers take responsibility for the activities in their own departments.
e) Motivated managers defend the organization against outside competitive attacks.

Ans: C
Difficulty: Easy
Ref: Why and How Managers Control

108. _____ control occurs through personal supervision and the use of formal administrative systems.
a) Internal.
b) External.
c) Concurrent.
d) Feedforward.
e) Feedback.

Ans: B
Difficulty: Easy
Ref: Why and How Managers Control

109. Which of the following statements about internal and external control is/are accurate?
a) Effective control typically involves some combination of internal and external control.
b) Organizations are increasingly relying on external control because of the emphasis on participation, empowerment, and involvement in the new workplace.

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c) An internal control strategy requires a high degree of trust.
d) A and C.
e) A, B, and C.

Ans: D
Difficulty: Hard
Ref: Why and How Managers Control

110. The potential for self-control is increased under all of the following conditions EXCEPT:
a) When people have a clear sense of organizational mission.
b) When people know their performance goals.
c) When people have the necessary resources to do their jobs well.
d) When people work in an organization with a culture that restricts participation in decision making.
e) When people treat each other with respect and consideration.

Ans: D
Difficulty: Hard
Ref: Why and How Managers Control

111. Control that flows through the organization's hierarch of authority is called:
a) Self-control
b) Bureaucratic control
c) Market value added control
d) Economic value added

Ans: B
Difficulty: Moderate
Ref: Why and How Managers Control

112. Procedures and policies regarding sexual harassment are designed to:
a) Promote safety in the workplace.
b) Avoid lawsuits.
c) Provide guidelines for elimination of any sexual improprieties and sexual pressures
d) to individuals in the workplace.
e) Discourage dating in the workplace.

Ans: C
Difficulty: Moderate
Ref: Why and How Managers Control

113. The control device designed to keep all behaviour within targeted guidelines is called:
a) The Sarbanes-Oxley Act.
b) The Employee Handbook.
c) Feedback Controls.
d) The Budget.

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Ans: D
Difficulty: Moderate
Ref: Why and How Managers Control

114. The federal act which requires corporate executives like the CEO and CFO to sign off on reported financial information is the:
a) Fair Labour Standards Act
b) The Credit Control and Reporting Act
c) The Sarbanes-Oxley Act
d) The Landrum-Griffin Act

Ans: C
Difficulty: Moderate
Ref: Why and How Managers Control

115. The penalties for violating the provisions of the Sarbanes-Oxley Act are:
a) Nothing, this is an act which favours management.
b) Jail time and personal fines.
c) Forgoing a yearly bonus.
d) Loss of perks usually offered to management.

Ans: B
Difficulty: Moderate
Ref: Why and How Managers Control

116. Bureaucratic control emphasizes hierarchy and authority while clan control emphasizes:
a) Daily meetings.
b) Budgets and expense accounts.
c) Behaviour and personality as set by society.
d) Norms and expectations set by the organizational culture.

Ans: D
Difficulty: Moderate
Ref: Why and How Managers Control

117. An example of clan control in operation is when:
a) Individuals in an organization act, talk, behave and dress in similar manners.
b) The organization downsizes people of similar gender and background.
c) The organization begins to look like the federal government.
d) All the members of upper management vacation together.

Ans: A
Difficulty: Moderate
Ref: Why and How Managers Control

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118. If a company begins to get variable publicity for its business practices, a competitive advantage may exist which is an example of:
a) Green marketing
b) Market control
c) Clan control
d) Economic value added

Ans: B
Difficulty: Hard
Ref: Why and How Managers Control

119. The four steps of the control process are: establish performance objectives and standards; measure actual performance; compare actual performance with objectives and standards; and _____.
a) Take corrective action as needed.
b) Reap the profits.
c) Pay for the losses.
d) Redefine the objectives.
e) Continue as before.

Ans: A
Difficulty: Moderate
Ref: Steps in the Control Process

120. The four steps of the control process are: establish objectives and standards; _____; compare results with objectives and standards, and _____.
a) Measure actual performance … take corrective action as needed.
b) Develop alternative systems … take corrective action as needed.
c) Revise unmet objectives … pay for the losses.
d) Set new objectives … evaluate results.
e) Measure actual performance … continue as before.

Ans: A
Difficulty: Easy
Ref: Steps in the Control Process

121. Effective planning by managers helps accomplish which step in the control process?
a) Measuring actual performance.
b) Comparing actual performance with objectives and standards.
c) Establishing performance objectives and standards.
d) Taking necessary corrective action.
e) Evaluating the results of corrective action.

Ans: C
Difficulty: Moderate
Ref: Steps in the Control Process

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122. _____ measure performance results in terms of quantity, quality, cost, or time of accomplished work.
a) Input standards.
b) Output standards.
c) Annual reports.
d) Inventories.
e) Time-card summaries.

Ans: B
Difficulty: Easy
Ref: Steps in the Control Process

123. _____ standards measure effort in terms of the amount work expended in task performance.
a) Output.
b) Input.
c) Cybernetic.
d) Critical performance.
e) Personal performance.

Ans: B
Difficulty: Easy
Ref: Steps in the Control Process

124. In the control process, _____ must be accurate enough to identify significant difference between what is really taking place and what was originally planned.
a) Goals.
b) Exceptions.
c) Output standards.
d) Input standards.
e) Measurement.

Ans: E
Difficulty: Hard
Ref: Steps in the Control Process

125. In the measurement step of the control process, which statement is accurate?
a) What gets measured tends to happen
b) Measurement really doesn't affect overall performance objectives
c) Effective control is still possible without measurement
d) None of the above
e) All of the above

Ans: A
Difficulty: Hard
Ref: Steps in the Control Process

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126. Which of the following is an accurate description of the control equation?
a) Need for action = desired performance + actual performance.
b) Need for action = performance expectations + performance deviations.
c) Need for action = desired performance – actual performance.
d) Need for action = performance expectations – performance deviations.
e) None of these is an accurate description of the control equation.

Ans: C
Difficulty: Moderate
Ref: Steps in the Control Process

127. A manager can determine the need for corrective action by using _____ comparison measures.
a) Historical.
b) Relative.
c) Engineering.
d) All of the above.
e) None of the above.

Ans: D
Difficulty: Easy
Ref: Steps in the Control Process

128. In utilizing a historical approach for comparing desired and actual performance, a manager will _____.
a) Use past performance as a benchmark.
b) Use present performance to set the standard.
c) Use standards set scientifically through such methods as time and motion studies.
d) Use performance achievements of other people, work units, or organizations to set the standard.
e) Use the organization's objectives to set the standard.

Ans: A
Difficulty: Easy
Ref: Steps in the Control Process

129. In utilizing a relative approach to compare desired and actual performance, a manager will _____.
a) Use past performance as a benchmark.
b) Use present performance to set the standard.
c) Use standards set scientifically through such methods as time and motion studies.
d) Use performance achievements of other people, work units, or organizations to set the standard.
e) Use the organization's objectives to set the standard.

Ans: D
Difficulty: Easy
Ref: Steps in the Control Process

130. In utilizing an engineering approach to compare desired and actual performance, a manager will _____.
a) Use past performance as a benchmark.

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b) Use present performance to set the standard.
c) Use standards set scientifically through such methods as time and motion studies.
d) Use performance achievements of other people, work units, or organizations to set the standard.
e) Use the organization's objectives to set the standard.

Ans: C
Difficulty: Easy
Ref: Steps in the Control Process

131. The practice of giving priority attention to situations showing the greatest need for action is called _____.
a) Management by priority.
b) Management by exception.
c) Management by objectives.
d) Management by situation.
e) Management by opportunity.

Ans: B
Difficulty: Easy
Ref: Steps in the Control Process

132. _____ is the technique of focusing managerial attention on situations where the difference between actual and desired performance is greatest.
a) High control management.
b) Management by exception.
c) Progressive management control.
d) Critical incident management.
e) Feedback control.

Ans: B
Difficulty: Easy
Ref: Steps in the Control Process

133. When the control equation identifies a situation in which actual performance is less than desired performance, the situation is called _____.
a) Substandard performance.
b) A performance downfall.
c) A problem situation.
d) A losing situation.
e) A managerial problem.

Ans: C
Difficulty: Moderate
Ref: Steps in the Control Process

134. A management exception known as the _____ occurs when actual performance is above the standard.
a) Original assumption.

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b) Expected end result.
c) Predicted end result.
d) Opportunity situation.
e) Intended course of action.

Ans: D
Difficulty: Easy
Ref: Steps in the Control Process

135. Suppose that, in reviewing a quarterly report of a department's achievements, the manager compares desired performance with actual performance. If the manager finds no deviation (that is, actual performance is EQUAL to the standard), the manager should _____.
a) Take no corrective action.
b) Take corrective action because the standard was too easy.
c) Take action to understand why the standard was not exceeded.
d) Seek more resources for the department.
e) Keep the information to himself/herself.

Ans: A
Difficulty: Hard
Ref: Steps in the Control Process

136. Suppose that, in reviewing a quarterly report of a department's achievements, the manager compared desired performance with actual performance. If the manager found that actual performance was GREATER than the standard, the manager should _____.
a) Take no corrective action.
b) Take corrective action to bring performance results in line with the standard.
c) Take action to understand why actual results exceeded the standard.
d) Defer action until the next quarter's reports are in and a trend is established.
e) Keep the information to himself/herself.

Ans: C
Difficulty: Hard
Ref: Steps in the Control Process

137. Suppose that, in reviewing a quarterly report of a department's achievements, the manager compared desired performance with actual performance. If the manager found that actual performance was LESS than the standard, the manager should _____.
a) Take no corrective action.
b) Take corrective action.
c) Seek more resources for the department.
d) Defer action until the next quarter's reports are in and a trend is established.
e) Keep the information to himself/herself.

Ans: B
Difficulty: Hard
Ref: Steps in the Control Process

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138. _____ is the act of influencing behaviour through reprimand.
a) Internal control.
b) Operant conditioning.
c) Shaping.
d) Behaviour modification.
e) Discipline.

Ans: E
Difficulty: Easy
Ref: Control Systems and Techniques

139. When _____ is handled in a fair, consistent, and systematic way, it is a useful form of managerial control.
a) Punishment by objectives.
b) Positive punishment.
c) Discipline.
d) Incremental role confinement.
e) Employee dismantlement.

Ans: C
Difficulty: Easy
Ref: Control Systems and Techniques

140. The "hot stove rules" refer to _____.
a) A set of Occupational Safety and Health Administration (OSHA) rules for handling hot materials.
b) A set of common sense rules for control of employees in the food-services industry.
c) A set of guidelines for avoiding getting "burned" in receiving reprimands.
d) A metaphor for a self-disciplinary control system.
e) Analogies for disciplinary situations that are immediate, consistent, informative, supportive, realistic, and directed toward actions, not people.

Ans: E
Difficulty: Moderate
Ref: Control Systems and Techniques

141. A hot stove burns and people should not touch a hot stove in order to avoid harm. Based on this notion, the "hot stove rules" analogy of employee discipline indicates that a reprimand should _____.
a) Be directed toward someone's actions, not his or her personality.
b) Be informative.
c) Occur in a supportive setting.
d) All of the above.
e) None of the above.

Ans: D
Difficulty: Moderate
Ref: Control Systems and Techniques

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142. Which of the following is not a "Hot Stove Rule":
a) A reprimand should be immediate.
b) A reprimand should be directed toward someone's actions, not personality.
c) A reprimand should support realistic rules.
d) A reprimand should be "customized" to the employee's personality.
e) A reprimand should occur in a supportive setting.

Ans: D
Difficulty: Moderate
Ref: Control Systems and Techniques

143. In progressive discipline, the goal always is to achieve compliance with organizational expectations through the _____ reprimand possible.
a) Most extreme.
b) Least noticeable.
c) Least extreme.
d) Most noticeable.
e) Most socially acceptable.

Ans: C
Difficulty: Easy
Ref: Control Systems and Techniques

144. A supervisor who orally warns an employee the first time he is late for work, gives him a written reprimand the second time, and suspends him for one day without pay the third time, is using a system called _____.
a) Punishment by objectives.
b) Positive punishment.
c) Progressive discipline.
d) Incremental discipline.
e) "Hot stove" discipline.

Ans: C
Difficulty: Hard
Ref: Control Systems and Techniques

145. Which of the following is not a consideration in a progressive discipline system:
a) Seriousness of the problem
b) Frequency of occurrence
c) How long the problem lasts
d) Whether or not the employee is a minority
e) Past experience in dealing with the employee

Ans: D
Difficulty: Hard
Ref: Control Systems and Techniques

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146. _____ ties reprimands to the severity and frequency of the employee's infractions.
a) Punishment by objectives.
b) Positive punishment.
c) Progressive discipline.
d) Incremental discipline.
e) Regressive discipline.

Ans: C
Difficulty: Easy
Ref: Control Systems and Techniques

147. A measure of the economic value being created by the firm is:
a) Market value added
b) Economic value added
c) Economic order quantity
d) Market relations model

Ans: B
Difficulty: Moderate
Ref: Control Systems and Techniques

148. A performance measure of stock market value relative to the cost of capital is:
a) Market value added
b) Economic value added
c) Market insight
d) Cost of doing business

Ans: A
Difficulty: Moderate
Ref: Control Systems and Techniques

149. The Current Ratio is known as a:
a) Profitability ratio
b) Asset management ratio
c) Leverage ratio
d) Liquidity ratio

Ans: D
Difficulty: Moderate
Ref: Control Systems and Techniques

150. The Debt ratio is expressed as:
a) Current assets divided by current liabilities
b) Sales/Total Assets

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c) Total debts divided by total assets
d) Sales minus liabilities

Ans: C
Difficulty: Moderate
Ref: Control Systems and Techniques

151. The higher the better for this ratio:
a) Inventory turnover
b) Debt ratio
c) Inventory run over ratio
d) Cost-benefit ratio

Ans: A
Difficulty: Hard
Ref: Control Systems and Techniques

152. The ability to earn revenues greater than costs describes the:
a) Quick ratio
b) Asset management ratio
c) Profitability ratios
d) Times interest earned ratio

Ans: C
Difficulty: Moderate
Ref: Control Systems and Techniques

153. A tally of an organization's performance in financial, customer service, internal process and innovation and learning areas is:
a) Program evaluation and review technique
b) Balanced scorecard
c) Unbalanced line
d) Balance beam management

Ans: B
Difficulty: Moderate
Ref: Control Systems and Techniques

154. This control technique provides and information framework for historical comparisons within the firm and for external benchmarking relative to industry performance:
a) Balanced scorecard
b) Financial ratios
c) Capital budgeting
d) Economic design

Ans: B

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Difficulty: Moderate
Ref: Control Systems and Techniques

155. A project has all of the following components EXCEPT:
a) It is a relatively complex task
b) It has multiple components
c) The components must be completed in a certain sequence
d) Date of completion is usually left fairly flexible
e) None of the above

Ans: D
Difficulty: Hard
Ref: Project Management

156. _____ refer to one-time activities that have clear beginning and end points.
a) Procedures.
b) Rules.
c) Projects.
d) Budgets.
e) Goals.

Ans: C
Difficulty: Easy
Ref: Project Management

157. Project management is responsible for all of the following EXCEPT:
a) Overall planning
b) Overall supervision
c) Overall control of the project
d) Delegating budgetary responsibility to the finance organization
e) None of the above

Ans: D
Difficulty: Moderate
Ref: Project Management

158. A project manager's job is to ensure all of the following EXCEPT:
a) Completion of the project on time
b) Completion of the project within budget
c) Completion of the project consistent with the project's objectives
d) Completion of the project within a fairly flexible time frame
e) Completion of the project through disciplined scheduling and control

Ans: D
Difficulty: Moderate
Ref: Project Management

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159. Some typical activities of a project that a Gantt chart would display are:
a) Completion date for research and development work
b) Completion date for engineering design
c) Completion date for projected budgets
d) Completion date for employee reward system
e) Completion date for prototype testing

Ans: D
Difficulty: Moderate
Ref: Project Management

160. _____involves making sure that the activities required to complete a project are done on time, within budget, and fulfill objectives.
a) Strategic goal setting.
b) Management by objectives.
c) Project management.
d) Zero-based budgeting.
e) Self-control.

Ans: C
Difficulty: Easy
Ref: Project Management

161. Meg is a project manager. She has a very complex assignment that requires tight control and planning. She uses a project management tool that breaks her project into a series of small, sub-activities that have clear beginning and end points. The result of this activity is a diagram showing the various interrelationships necessary to complete the project. Meg is using what tool?
a) A Gantt chart
b) CRM
c) CPM/PERT
d) Break-Even analysis
e) After-action review

Ans: C
Difficulty: Hard
Ref: Project Management

162. For control purposes, which of the following in NOT an important financial aspect of organizational performance?
a) The ability to generate cash to pay bills.
b) The ability to earn more in returns than the cost of the debt.
c) The ability to sell shares of the company's stock.
d) The ability to use resources efficiently and operate at minimum cost.
e) The ability to earn revenues greater than costs.

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Ans: C
Difficulty: Moderate
Ref: Project Management

163. Which of the following statements provides an accurate description of financial ratios?
a) Liquidity ratios use information about current assets and current liabilities.
b) Asset management ratios focus on the relationship between profits and either average inventory or total assets.
c) Net margin and return on investment are useful leverage ratios.
d) Inventory turnover is one method for determining the company's financial liquidity.
e) Leverage ratios are helpful in assessing how well assets are employed in generating sales.

Ans: A
Difficulty: Hard
Ref: Project Management

164. All of the following are financial performance measure that managers should know EXCEPT:
a) Liquidity
b) Leverage
c) Asset management
d) Projected inventory levels
e) Profitability

Ans: D
Difficulty: Moderate
Ref: Project Management

165. Financial ratiosprovide all of the following EXCEPT:
a) A framework for historical comparisons
b) A framework for external benchmarking
c) A means to set financial targets
d) A means to track financial goals
e) A calculation of the point at which sales revenues are sufficient to cover costs

Ans: E
Difficulty: Moderate
Ref: Project Management

Essay Questions

166. Briefly explain the importance of controlling in organizations.

Ans: Controlling makes sure that plans are achieved, and that actual performance meets or surpasses objectives set up by the organization. The foundation of control is information. The data collected in the controlling process

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reinforces how well or how poorly objectives are being met. Controlling sees to it that the right things happen, in the right way, at the right time. It helps ensure that people comply with organizational policies and procedures.
Difficulty: Easy
Ref: Why and How Managers Control

167. Identify and describe the three types of control.

Ans:
- Feedforward controls – also called preliminary controls, take place before a work activity begins. They ensure that objectives are clear, that proper directions are established, and that the right resources are available to accomplish them. Feedforward controls are preventive in nature. The goal is to solve problems before they occur by asking an important question: "What needs to be done before we begin?"
- Concurrent controls – also called steering controls, focus on what happens during the work process. They make sure things are being done according to plan. The goal of concurrent controls is to solve problems as they are occurring. The key question is "What can be done to improve things right now?"
- Feedback controls – also called postaction controls, take place after the work is completed. They focus on the quality of end results rather than on inputs and activities. Feedback controls are largely reactive; the goals are to solve problems after they occur and to prevent future ones. They ask the question "Now that we are finished, how well did we do?"

Difficulty: Moderate
Ref: Why and How Managers Control

168. Identify and describe the four steps in the control process.

Ans: The four steps in the control process are: step 1 — establish objectives and standards; step 2 — measure actual performance; step 3 — compare results with objectives and standards; and step 4 — take corrective action as needed. A brief description of each step is provided below.
- Step 1 — establishing objectives and standards. The control process begins when performance objectives and standards are set through planning. Both output standards and input standards are established at this step.
- Step 2 — measuring actual performance. During this step, attention is devoted to accurately measuring actual performance results (output standards) and/or performance efforts (input standards).
- Step 3 — comparing results with objectives and standards. The comparison made at this step is summarized by the following control equation: Need for Action = Desired Performance – Actual Performance. Methods of comparing desired and actual performance can be assessed through any of the following alternatives: a historical comparison, a relative comparison, or an engineering comparison.
- Step 4 — taking necessary action. This step involves taking any action necessary to appropriately address differences between desired and actual performance. Managerial attention is focused on those situations with the most significant deviations between desired and actual performance. Two types of exceptions can be recognized with the control equation: a problem situation and an opportunity situation.

Difficulty: Moderate
Ref: Steps in the Control Process

169. Briefly describe the progressive discipline system.

Ans: Progressive discipline ties reprimand to the severity of the employee's infractions. Penalties for misbehaviour vary according to the significance of the problem. A progressive discipline system takes into consideration such things as:

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- The seriousness of the problem
- How frequently it has occurred
- How long it lasts
- Past experiences in dealing with the person who has caused the problem

The goal is to achieve compliance with organizational expectations through the least extreme reprimand possible.
Difficulty: Easy
Ref: Control Systems and Techniques

170. One of the company's best employees is consistently late. As the manager, how will you discipline this employee?

Ans: The employee should be asked to explain why they are late. The manager and employee should establish a plan to fix the problem. If the problem persists, the employee should be warned and documented. Follow the hot stove rules.
Difficulty: Moderate
Ref: Control Systems and Techniques

171. External control is based on the use of three control systems. List and explain two of these three control systems.

Ans: They are bureaucratic, clan, and market controls systems.
Bureaucratic control influences behaviour through authority, policies, procedures, job descriptions, budgets, and day-to-day supervision. Another level of bureaucratic control comes from the organization's external environment. Here, laws and regulations may govern behaviour of an organization's top executives. The best example is the U.S. Sarbanes-Oxley (SOX) Act, which establishes procedures to regulate financial reporting and governance in corporations that publicly trade in the United States, including those in Canada listed on U.S. exchanges.
Clan control influences behaviour through norms and expectations set by the organizational culture. The shared informality and ebullient attitudes of WestJet flight crews, for example, show the power of clan control as a critical benchmark of the airline.
Market control is essentially the influence of market competition on the behaviour of organizations and their members. A good example is the growing emphasis on "green" products and practices. When a firm like Walmart starts to get positive publicity from its expressed commitment to eventually power all of its stores with renewable energy, for example, the effect is felt by its competitors. They have to adjust their practices in order to avoid giving up the public relations advantage to Walmart.
Difficulty: Moderate
Ref: Why and How Managers Control

172. Why would organizations wish to implement a system like the Balanced Scorecard?

Ans: A balanced scorecard tallies organizational performance in financial, customer service, internal process, and innovation and learning areas.
The balanced scorecard identifies the need to measure both outcomes and drivers of performance. For the customer, internal business process, and learning and growth perspectives, a series of outcome and performance driver measures are identified.
The Balanced Scorecard can be used in a manner that recognizes the objectives of a number of the different stakeholders of the organization. This increases the chance that the range of dimensions considered will be complete. The objectives of shareholders and customers can be recognized, with the establishment of performance measures

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under the financial and customer perspectives respectively. The objectives of employees can be recognized in the innovation and learning perspective. Other objectives might usefully be incorporated into the development of balanced scorecards for specific organizations in both the public and private sector. It should be noted that some stakeholders, such as suppliers, governments, local communities and the environment, are not explicitly recognized by the four perspectives.
Difficulty: Moderate
Ref: Control Systems and Techniques

hzzled

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Chapter 17: Operations And Services Management

True/False

1. Today's managers are learning to operate in a world that places a premium on productivity, technology utilization, quality, customer services, and speed.

Ans: True
Difficulty: Easy
Ref: Introduction

2. All top executives approach the challenges of productivity, quality, speed, and customer service in very uniform and consistent ways.

Ans: False
Difficulty: Moderate
Ref: Introduction

3. All top executives focus on moving services and products into the hands of customers in ways that create loyalty and profits.

Ans: True
Difficulty: Easy
Ref: Introduction

4. Louis Vuitton shifted their production process from a multiple individual process to a multiple team process and increased speed without sacrificing quality.

Ans: True
Difficulty: Moderate
Ref: Introduction

5. The high fashion industry was previously ruled by design only; now it is ruled by design and execution.

Ans: True
Difficulty: Moderate

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Ref: Introduction

6. Louis Vuitton was forced to make production changes due to competitive pressures from "fast fashion" competitors who were able to get new designs into the stores more quickly than Vuitton.

Ans: True
Difficulty: Moderate
Ref: Introduction

7. Louis Vuitton remodelled their production operation into U-shaped workstations of from 6 to 12 workers each who perform more than one task; a major change from the previous set up in which 30 individuals each performed an individual task to create one bag.

Ans: True
Difficulty: Moderate
Ref: Introduction

8. The Louis Vuitton example shows a decrease in supply chain efficiency.

Ans: False
Difficulty: Easy
Ref: Introduction

9. Louis Vuitton employees swap tasks and team roles while making different kinds of bags, allowing production to switch more quickly from one design to another. This is an example of how productivity efficiency can be increased.

Ans: True
Difficulty: Easy
Ref: Introduction

10. Workers on Vuitton's Pègase teams are less specialized than before, working on a broader set of individual tasks and as part of a team thereby decreasing production speed and productivity.

Ans: False
Difficulty: Easy
Ref: Introduction

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11. An open production system can be modeled as an input-throughput-output cycle.

Ans: True
Difficulty: Moderate
Ref: Introduction

12. As a general statement, self-management is the ability to understand yourself individually and in the social context.

Ans: True
Difficulty: Moderate
Ref: Introduction

13. An important career success lesson is "there is no substitute for high performance".

Ans: True
Difficulty: Easy
Ref: Introduction

14. Being flexible and staying flexible is a sound piece of advice to give a team worker.

Ans: True
Difficulty: Moderate
Ref: Introduction

15. To have a successful career one must keep focus and build talent in your team workers.

Ans: True
Difficulty: Moderate
Ref: Introduction

16. Part of self-management is assessing personal strengths and weaknesses.

Ans: True
Difficulty: Easy
Ref: Introduction

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17. Self-management is not an essential skill for career success.

Ans: False
Difficulty: Easy
Ref: Introduction

18. Self-managers take charge of their destiny.

Ans: True
Difficulty: Moderate
Ref: Introduction

19. Behaving like an entrepreneur will help to move your career forward since it is essential to self-management, according to consultant Steve Covey.

Ans: True
Difficulty: Moderate
Ref: Introduction

20. In one way or another, all organizations must master the challenges of operations management.

Ans: True
Difficulty: Easy
Ref: Operations Management Essentials

21. Managing productive systems that transform resources into finished products, goods, and services for customers is called operations management.

Ans: True
Difficulty: Easy
Ref: Operations Management Essentials

22. The essentials of operations management apply to just product manufacturers.

Ans: False
Difficulty: Moderate
Ref: Operations Management Essentials

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23. Typical operations management decisions include resource acquisition, inventories, facilities, and product quality.

Ans: True
Difficulty: Easy
Ref: Operations Management Essentials

24. Productivity is the quantitative measure of the efficiency with which inputs are transformed into outputs.

Ans: True
Difficulty: Easy
Ref: Operations Management Essentials

25. Operations management in both manufacturing and services is concerned with productivity.

Ans: True
Difficulty: Easy
Ref: Operations Management Essentials

26. Competitive advantage is the ability to outperform one's competitors.

Ans: True
Difficulty: Easy
Ref: Operations Management Essentials

27. Operating efficiencies is one way organizations can gain competitive advantage.

Ans: True
Difficulty: Easy
Ref: Operations Management Essentials

28. The ability to outperform based on product innovation, customer service, speed to market, manufacturing flexibility, and product or service quality are ways organizations can gain competitive advantage.

Ans: True

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Difficulty: Easy
Ref: Operations Management Essentials

29. Productivity obstacles include unclear objectives, and priorities as well as procrastination and poor communication.

Ans: True
Difficulty: Easy
Ref: Operations Management Essentials

30. The key result of competitive advantage is an ability to consistently do something of high value that one's competitors cannot replicate quickly.

Ans: True
Difficulty: Easy
Ref: Operations Management Essentials

31. Technology is at the core of any transformation process.

Ans: True
Difficulty: Easy
Ref: Operations Management Essentials

32. Technology is the combination of knowledge, skills, equipment, and work methods used to transform resource inputs into organizational outputs.

Ans: True
Difficulty: Easy
Ref: Operations Management Essentials

33. Technology accomplishes tasks by using tools, machines, techniques, and human know-how.

Ans: True
Difficulty: Easy
Ref: Operations Management Essentials

34. The availability of appropriate technology is a cornerstone of productivity.

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Ans: True
Difficulty: Easy
Ref: Operations Management Essentials

35. Small-batch production manufactures a variety of products crafted to fit customer specifications.

Ans: True
Difficulty: Easy
Ref: Operations Management Essentials

36. Mass production manufactures a large number of uniform products with an assembly line system.

Ans: True
Difficulty: Easy
Ref: Operations Management Essentials

37. In continuous-process production raw materials are continuously transformed by an automated system.

Ans: True
Difficulty: Easy
Ref: Operations Management Essentials

38. In small-batch production, a high-level of worker skill is unnecessary.

Ans: False
Difficulty: Moderate
Ref: Operations Management Essentials

39. Workers are highly dependent upon one another in a mass production environment as the product passes from stage to stage until completion.

Ans: True
Difficulty: Moderate
Ref: Operations Management Essentials

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40. Organizations using continuous-process production are highly automated.

Ans: True
Difficulty: Easy
Ref: Operations Management Essentials

41. Organizations using continuous-process production employ very little automation.

Ans: False
Difficulty: Moderate
Ref: Operations Management Essentials

42. Continuous-process production environments are equipment intensive, but can be operated by a relatively small labour force.

Ans: True
Difficulty: Easy
Ref: Operations Management Essentials

43. Continuous-process production environments are equipment intensive and require a large labour force to operate.

Ans: False
Difficulty: Moderate
Ref: Operations Management Essentials

44. Robotics is one trend in manufacturing technology where computer-controlled machines perform physically repetitive work with consistency and efficiency.

Ans: True
Difficulty: Easy
Ref: Operations Management Essentials

45. Flexible manufacturing systems, as a trend in manufacturing technology, allow automated operations to quickly shift from one task or product type to another.

Ans: True
Difficulty: Easy
Ref: Operations Management Essentials

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46. The goal of flexible manufacturing systems is to combine flexibility with efficiency.

Ans: True
Difficulty: Easy
Ref: Operations Management Essentials

47. Mass customization, as a result of flexible manufacturing systems, provides efficient mass production of products meeting specific customer requirements.

Ans: True
Difficulty: Easy
Ref: Operations Management Essentials

48. Cellular layouts, as a trend in manufacturing technology, place together machines doing different work so that movement of materials from one to another is as efficient as possible.

Ans: True
Difficulty: Easy
Ref: Operations Management Essentials

49. Cellular layouts do not accommodate much teamwork on the part of machine operators.

Ans: False
Difficulty: Hard
Ref: Operations Management Essentials

50. As a trend in manufacturing technology, computer-integrated manufacturing drives product designs, process plans, and manufacturing from a common computer platform.

Ans: True
Difficulty: Easy
Ref: Operations Management Essentials

51. Lean production, as a trend in manufacturing technology, is the process of continuously innovating and employing best practices to increase production efficiencies.

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Ans: True
Difficulty: Easy
Ref: Operations Management Essentials

52. The goal of design for disassembly is to design and manufacture products in ways that consider how their component parts will be recycled at the end of their lives.

Ans: True
Difficulty: Easy
Ref: Operations Management Essentials

53. Intensive technology focuses on the efforts and talents of many people to serve clients.

Ans: True
Difficulty: Easy
Ref: Operations Management Essentials

54. Mediating technology links together people in a beneficial exchange of values.

Ans: True
Difficulty: Easy
Ref: Operations Management Essentials

55. There is no materials cost saving to be gained from remanufacturing.

Ans: False
Difficulty: Moderate
Ref: Operations Management Essentials

56. Remanufacturing, as a trend in manufacturing technology, takes things apart and rebuilds them as products to be used again.

Ans: True
Difficulty: Easy
Ref: Operations Management Essentials

57. In long-linked technology, a client moves from point to point during service delivery.

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Ans: True
Difficulty: Easy
Ref: Operations Management Essentials

58. The value chain is the specific sequence of activities that creates goods and services with value for customers.

Ans: True
Difficulty: Easy
Ref: Value Chain Management

59. Supply chain management strategically links all operations dealing with resource supplies.

Ans: True
Difficulty: Easy
Ref: Value Chain Management

60. Efficiency is not a major issue in the value chain.

Ans: False
Difficulty: Moderate
Ref: Value Chain Management

61. The goals of supply chain management are to achieve efficiency in all aspects of the supply chain while ensuring on-time availability of quality resources and products.

Ans: True
Difficulty: Easy
Ref: Value Chain Management

62. Some of the areas linked in supply chain management include purchasing, manufacturing, transportation, and distribution.

Ans: True
Difficulty: Easy
Ref: Value Chain Management

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63. Inventory control by economic order quantity orders replacements whenever inventory level falls to a predetermined point.

Ans: True
Difficulty: Easy
Ref: Value Chain Management

64. Just-in-time scheduling minimizes inventory by outing materials to workstations "just in time" to be used.

Ans: True
Difficulty: Easy
Ref: Value Chain Management

65. Break-even point is where revenues equal costs.

Ans: True
Difficulty: Easy
Ref: Value Chain Management

66. Break-even analysis calculates the point at which revenues cover costs under different "what it" conditions.

Ans: True
Difficulty: Easy
Ref: Value Chain Management

67. Break-even point can also be thought as the point where losses end and profits begin.

Ans: True
Difficulty: Easy
Ref: Value Chain Management

68. "Productivity" and "competitive advantage" are core issues in operations and services management.

Ans: True
Difficulty: Easy
Ref: Operations Management Essentials

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69. Productivity is not essential to operations and service management.

Ans: False
Difficulty: Easy
Ref: Operations Management Essentials

70. Typical productivity obstacles might be procrastination and poor communications.

Ans: True
Difficulty: Moderate
Ref: Operations Management Essentials

71. Operating efficiencies that increase productivity are a way to increase competitive advantage.

Ans: True
Difficulty: Moderate
Ref: Operations Management Essentials

72. The key result of competitive advantage is the ability to consistently do something of high value that one's competitors cannot replicate quickly or do as well.

Ans: True
Difficulty: Moderate
Ref: Operations Management Essentials

73. Lost productivity is never a drain on organizational competitiveness.

Ans: False
Difficulty: Easy
Ref: Operations Management Essentials

74. Productivity inefficiencies rarely cost a company money in terms of lost revenue and profit.

Ans: False
Difficulty: Easy
Ref: Operations Management Essentials

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75. According to the Harvard Business review, American business leaders rank customer service and product quality as the first and second most important goals for organizational success.

Ans: True
Difficulty: Easy
Ref: Service and Product Quality

76. According to Bill Gates, you really can't learn much from unhappy customers.

Ans: False
Difficulty: Hard
Ref: Service and Product Quality

77. According to some market research surveys, poor service and product quality were ranked number 1 and 2 as reasons why customers abandon a retail store.

Ans: True
Difficulty: Moderate
Ref: Service and Product Quality

78. Customer relationship management strategically tries to build lasting relationships with and to add value to customers.

Ans: True
Difficulty: Easy
Ref: Service and Product Quality

79. External customers purchase the goods produced or the services provided.

Ans: True
Difficulty: Easy
Ref: Service and Product Quality

80. Internal customers are those individuals or groups found within the organization who use or depend on one another's work in order to do their own job well.

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Ans: True
Difficulty: Easy
Ref: Service and Product Quality

81. ISO certification indicates conformance with a rigorous set of international quality standards.

Ans: True
Difficulty: Easy
Ref: Service and Product Quality

82. Total quality management is managing with an organization-wide commitment to continuous improvement, product quality, and customer needs.

Ans: True
Difficulty: Easy
Ref: Service and Product Quality

83. Continuous improvement involves always searching for new ways to improve work quality and performance.

Ans: True
Difficulty: Easy
Ref: Service and Product Quality

84. Quality control checks processes, materials, products, and services to ensure that they meet high standards.

Ans: True
Difficulty: Easy
Ref: Service and Product Quality

85. Six Sigma is a quality standard of 3.4 defects less per million products or services deliveries.

Ans: True
Difficulty: Easy
Ref: Service and Product Quality

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86. Statistical quality control uses rigorous statistical analysis for checking processes, materials, products, and services to ensure they meet high standards.

Ans: True
Difficulty: Easy
Ref: Service and Product Quality

87. Value chain management is the specific sequence of activities that creates products and services with value for customers.

Ans: True
Difficulty: Moderate
Ref: Value Chain Management

88. Value chain management attempts to manage each step of the input-through-output process for maximum efficiency and effectiveness.

Ans: True
Difficulty: Moderate
Ref: Value Chain Management

89. Value chain management includes only primary activities and excludes support activities.

Ans: False
Difficulty: Moderate
Ref: Value Chain Management

90. Typical value chain support activities are procurement and human resource management.

Ans: True
Difficulty: Moderate
Ref: Value Chain Management

91. Resources and materials flow in→ Materials received and organized for use→ people and technology create products→ finished products distributed→ customers served is an illustration of a value chain.

Ans: True

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Difficulty: Easy
Ref: Value Chain Management

92. Value creation is the end result of a task or activity that is worth more in terms of eventually delivering a product or service with higher customer appeal than was the case in the beginning.

Ans: True
Difficulty: Moderate
Ref: Value Chain Management

93. Value chain analysis examines all the steps in a value chain.

Ans: True
Difficulty: Easy
Ref: Value Chain Management

94. Value chain analysis is a continuous analysis of what is taking place and whether or not it is efficient and effective in adding value to the organization's performance.

Ans: True
Difficulty: Moderate
Ref: Value Chain Management

95. Process reengineering systematically analyzes work processes to design new and better ones.

Ans: True
Difficulty: Easy
Ref: Work Processes

96. A work process is a related group of tasks that together create value for the customer.

Ans: True
Difficulty: Easy
Ref: Work Processes

97. Workflow is the movement of work from one point to another in a system.

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Ans: True
Difficulty: Easy
Ref: Work Processes

98. The various parts of a work process do not all need to be completed, nor do they need to be completed in any given order to achieve desired results.

Ans: False
Difficulty: Moderate
Ref: Work Processes

99. The 4 key words in Hammer's definition of "work process" are "group," "together," "result," and "organization."

Ans: False
Difficulty: Moderate
Ref: Work Processes

100. Process value analysis identifies and evaluates core processes for their performance contributions.

Ans: True
Difficulty: Easy
Ref: Work Processes

101. Only those steps in the workflow found to be important, useful, and contributing to the value-added results are eliminated.

Ans: False
Difficulty: Easy
Ref: Work Processes

102. Through the help of computer technology, process value analysis can re-engineer workflow or similar processes for greater efficiency and value add.

Ans: True
Difficulty: Easy
Ref: Work Processes

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103. The essence of process reengineering is to locate control for processes with an identifiable group of people, and to focus each person and the entire system on meeting customer needs.

Ans: True
Difficulty: Easy
Ref: Work Processes

104. Customers, teamwork, and revenue are central to Hammer's notion of process re-engineering.

Ans: False
Difficulty: Moderate
Ref: Work Processes

105. Process driven organizations focus too much on process and not enough on the customer.

Ans: False
Difficulty: Moderate
Ref: Work Processes

106. Process reengineering tries to eliminate duplication of work and systems bottlenecks to reduce costs, increase efficiency, and build capacity for change.

Ans: True
Difficulty: Easy
Ref: Work Processes

107. Customer Relationship Management (CRM) strategically tries to build lasting relationships with customers.

Ans: True
Difficulty: Easy
Ref: Service and Product Quality

108. CRM goes back to old technologies to enhance customer service since most customers have had enough of new technologies and the problems associated with them.

Ans: False
Difficulty: Moderate
Ref: Service and Product Quality

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109. Most companies use CRM to establish and maintain high standards of customer service.

Ans: True
Difficulty: Moderate
Ref: Service and Product Quality

110. Customers today are not tough on companies in regard to customer service because they realize how much it costs.

Ans: False
Difficulty: Moderate
Ref: Service and Product Quality

111. High technology software helps companies track information on customer preferences.

Ans: True
Difficulty: Moderate
Ref: Service and Product Quality

112. CRM takes commitment and continuous attention if it is to work well.

Ans: True
Difficulty: Moderate
Ref: Service and Product Quality

113. ISO certification indicates conformance with a rigorous set of international quality standards.

Ans: True
Difficulty: Moderate
Ref: Service and Product Quality

114. An approach to quality which emphasizes constant innovation, use of statistical methods and commitment to training in the fundamentals of quality assurance is method attributed to General Douglas MacArthur.

Ans: False

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Difficulty: Moderate
Ref: Service and Product Quality

115. Total Quality Management (TQM) is managing with an organization-wide commitment to continuous improvement, product quality and customer needs.

Ans: True
Difficulty: Easy
Ref: Service and Product Quality

116. Continuous improvement is always looking for new ways to improve on current performance.

Ans: True
Difficulty: Moderate
Ref: Service and Product Quality

117. Continuous improvement applies throughout the values chain.

Ans: True
Difficulty: Moderate
Ref: Service and Product Quality

118. Bloggers can't hurt an organization in any way that is presently known.

Ans: False
Difficulty: Easy
Ref: Service and Product Quality

Multiple Choice

119. Louis Vuitton improved productivity by:
a) Maintaining the status quo in operations but increasing pay scales.
b) Going from individual workers doing one task to teams or workers doing multiple tasks.
c) Firing the individual workers who were slow and replacing them with robots.
d) Merging with Pègase.

Ans: B

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Difficulty: Moderate
Ref: Learning From Others

120. Improving operations execution can:
a) Improve speed and profits.
b) Reduce speed and increase costs.
c) Cause worker dissatisfaction.
d) None of the above.

Ans: A
Difficulty: Moderate
Ref: Learning From Others

121. The ability to understand yourself individually and in the social context, to assess personal strengths and weaknesses, to exercise initiative, to accept responsibility for accomplishments, to work well with others and to adapt by continually learning from in the quest for self improvement is a complete definition of:
a) Total Quality Management
b) Value Chain Management
c) Supply Chain Management
d) Self-Management

Ans: D
Difficulty: Moderate
Ref: Learning About Yourself

122. A good tip for using self-management for career success would be:
a) Do it others before they do it to you.
b) There is no substitute for high performance.
c) Get yours first then worry about the team.
d) Anyone who is a good team-mate will never rise high in the organization.

Ans: B
Difficulty: Moderate
Ref: Learning About Yourself

123. Which of the following would act as a career builder?
a) Behave like an entrepreneur.
b) Get comfortable with teamwork.
c) Be a problem solver.
d) All of the above.

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e) None of the above.

Ans: D
Difficulty: Moderate
Ref: Learning About Yourself

124. Typical operations management decisions address all of the following EXCEPT:
a) Resource acquisition
b) Inventories
c) Facilities
d) Workflows
e) Executive compensation

Ans: E
Difficulty: Moderate
Ref: Operations Management Essentials

125. _____ refers to the quantity and quality of work performance, with resource utilization taken into account.
a) Effectiveness.
b) Efficiency.
c) Profitability.
d) Productivity.
e) Asset management.

Ans: D
Difficulty: Easy
Ref: Operations Management Essentials

126. An organization establishes a _____ when it has a core competency that sets it apart from its competitors and gives it an advantage over them in the marketplace.
a) Core advantage.
b) Market advantage.
c) Competitive advantage.
d) Competency advantage.
e) Management advantage.

Ans: C
Difficulty: Moderate
Ref: Operations Management Essentials

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127. Organizations can create a _____ by utilizing a _____ that clearly sets it apart from its competitors and gives it an advantage over them in the marketplace.
a) Competitive advantage … core competency.
b) Core competency … competitive advantage.
c) Competitive advantage … specific environment.
d) General environment … specific environment.
e) Core advantage … competitive competency.

Ans: A
Difficulty: Hard
Ref: Operations Management Essentials

128. An organization can achieve a competitive advantage through which of the following ways?
a) Pricing and customer service.
b) Cost efficiency and quality.
c) Products and quality.
d) All of the above.
e) None of the above.

Ans: D
Difficulty: Easy
Ref: Operations Management Essentials

129. _____ is especially important in the demanding global economy because nowhere in the world can managers rest on past successes and ignore what others are doing, either at home or abroad.
a) Core advantage.
b) Market advantage.
c) Strategic advantage.
d) Competitive advantage.
e) Management advantage.

Ans: D
Difficulty: Moderate
Ref: Operations Management Essentials

130. The key result of achieving a competitive advantage is _____.
a) An ability to sidestep government regulations.
b) An ability to consistently do something of high value which one's competitors cannot replicate quickly or do as well.
c) An ability to drive the competition out of business and to make extraordinarily high profits.
d) An ability to establish a monopolistic market position.
e) An ability to dictate consumer needs and preferences.

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Ans: B
Difficulty: Moderate
Ref: Operations Management Essentials

131. _____ is the combination of knowledge, skills, equipment, computers, and work methods used to transform resource inputs into organizational outputs.
a) Strategy.
b) Technology.
c) A business plan.
d) An organizational system.
e) Job design.

Ans: B
Difficulty: Easy
Ref: Operations Management Essentials

132. Technology is the combination of _____ used to transform resource inputs into organizational outputs.
a) Strategy and environment.
b) Tools and human resources.
c) Knowledge, skills, equipment, computers, and work methods.
d) Communication and decision making methods.
e) People, strategy, and culture.

Ans: C
Difficulty: Moderate
Ref: Operations Management Essentials

133. An organization that manufactures a variety of products crafted to fit customer specifications is using _____ technology.
a) Continuous-process production.
b) Mediating.
c) Intensive.
d) Craft shop.
e) Small-batch.

Ans: E
Difficulty: Moderate
Ref: Operations Management Essentials

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134. An organization that produces large numbers of uniform products with an assembly-line system is using _____ technology.
a) Continuous-process production.
b) Mass production.
c) Intensive.
d) Industrial linkage.
e) Long-linked.

Ans: B
Difficulty: Moderate
Ref: Operations Management Essentials

135. An organization that produces a few products by continuously feeding raw materials through a highly automated production system with largely computerized controls is using _____ technology.
a) Continuous-process production.
b) Mass production.
c) Intensive.
d) Supplier-linked.
e) Long-linked.

Ans: A
Difficulty: Moderate
Ref: Operations Management Essentials

136. Which statement provides a correct match of work activity and the nature of the underlying technology?
a) Automobile assembly at General Motors — small-batch production.
b) Automated chemical plants — continuous-process production.
c) Custom furniture restoration — mass production.
d) Oil refineries — mass production
e) Steel mills — small-batch production.

Ans: B
Difficulty: Hard
Ref: Operations Management Essentials

137. Technology that focuses the efforts of many people with special expertise on the needs of clients is defined as _____ technology.
a) Mediating.
b) Long-linked.
c) Intensive.
d) Continuous-process.
e) Service.

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Ans: C
Difficulty: Moderate
Ref: Operations Management Essentials

138. Technology that links together parties seeking a mutually beneficial exchange of values is defined as _____ technology.
a) Mediating.
b) Long-linked.
c) Intensive.
d) Continuous-process.
e) Service.

Ans: A
Difficulty: Moderate
Ref: Operations Management Essentials

139. Technology that can function like mass production where a client is passed from point to point for various aspects of service delivery is defined as _____ technology.
a) Mediating.
b) Long-linked.
c) Intensive.
d) Continuous-process.
e) Service.

Ans: B
Difficulty: Moderate
Ref: Operations Management Essentials

140. Which one of the following trends does NOT play a role in the quality aspects of operations?
a) Lean production.
b) Flexible manufacturing.
c) Robotics manufacturing.
d) Boutique engineering.
e) Mass customization.

Ans: D
Difficulty: Moderate
Ref: Operations Management Essentials

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141. Technology that can function like mass production where a client is passed from point to point for various aspects of service delivery is defined as _____ technology.
a) Mediating.
b) Long-linked.
c) Intensive.
d) Continuous-process.
e) Service.

Ans: B
Difficulty: Moderate
Ref: Operations Management Essentials

142. _____ continuously innovates and employs best practices to keep increasing production efficiencies.
a) Flexible manufacturing.
b) Mass customization.
c) Lean production.
d) Computer-integrated manufacturing.
e) Customized design.

Ans: C
Difficulty: Easy
Ref: Operations Management Essentials

143. _____ allows automated operations to quickly shift from one task or product type to another.
a) Flexible manufacturing.
b) Mass customization.
c) Lean production.
d) Agile manufacturing.
e) Customized design.

Ans: A
Difficulty: Easy
Ref: Operations Management Essentials

144. A(n) _____ is a specific sequence of activities that transforms raw materials into a finished good or service.
a) Transformational chain.
b) Value chain.
c) Activities system.
d) Materials requirement plan.
e) Distribution plan.

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Ans: B
Difficulty: Easy
Ref: Value Chain Management

145. _____ strategically links all operations dealing with resource supplies.
a) Value chain management.
b) Internal customer management.
c) Customer relationship management
d) Total quality management.
e) Supply chain management.

Ans: E
Difficulty: Easy
Ref: Value Chain Management

146. _____ involves strategic management of all operations involving the suppliers of an organization's resources.
a) Value chain management.
b) Internal customer management.
c) Customer relationship management
d) Total quality management.
e) Supply chain management.

Ans: E
Difficulty: Easy
Ref: Value Chain Management

147. Achieving efficiency in all aspects of the _____ while ensuring on-time availability of quality resources for customer-driven organizations is the fundamental goal of _____.
a) Value chain … value chain management.
b) Quality chain … quality chain management.
c) Supply chain … supply chain management.
d) Customer chain … customer chain management.
e) Production chain … production chain management.

Ans: C
Difficulty: Hard
Ref: Value Chain Management

148. Ordering a fixed number of items every time an inventory level falls to a predetermined point is called the _____.

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a) Inventory control number.
b) Quality control paradox.
c) Economic order quantity.
d) Break-even quantity.
e) Fixed quantity inventory.

Ans: C
Difficulty: Moderate
Ref: Value Chain Management

149. Scheduling materials to arrive on a timely basis at a workstation or facility in order to reduce costs and improve workflow is known as _____.
a) Management by objectives (MBO).
b) Just-in-time (JIT) scheduling.
c) Economic order Quantity (EOQ).
d) Efficient production planning (EPP).
e) Timely inventory control (TIC).

Ans: B
Difficulty: Hard
Ref: Value Chain Management

150. The _____ occurs where losses end and the firm begins to make a profit.
a) Current ratio.
b) Hot stove point.
c) Net margin.
d) Break-even point.
e) Debt ratio.

Ans: D
Difficulty: Easy
Ref: Value Chain Management

151. The _____ is calculated by dividing total fixed costs by price minus variable costs.
a) Current ratio.
b) Break-even point.
c) Economic order quantity.
d) Net margin.
e) Inventory turnover ratio.

Ans: B
Difficulty: Easy
Ref: Value Chain Management

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152. Break-even analysis can be used to _____.
a) Improve control.
b) Examine the impact of cost control measures.
c) Experiment with different "what-if" scenarios.
d) A and C.
e) A, B, and C.

Ans: E
Difficulty: Moderate
Ref: Value Chain Management

153. Productivity is defined as:
a) Input/Output
b) Output/Input
c) Current Assets/Current Inputs
d) Profit-Costs

Ans: B
Difficulty: Moderate
Ref: Operations Management Essentials

154. A productivity obstacle is:
a) Clear objectives
b) Well-defined priorities
c) Poor communication
d) New technology

Ans: C
Difficulty: Moderate
Ref: Operations Management Essentials

155. Operating efficiencies that increase productivity can result in:
a) Inventory surpluses
b) Competitive advantage
c) Incompetent Personnel
d) All of the above

Ans: B
Difficulty: Moderate
Ref: Operations Management Essentials

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156. Consistently doing something of high value that one's competitors cannot replicate quickly or do as well is:
a) A key result of establishing a union shop.
b) A key result of achieving competitive advantage.
c) Not possible in today's world.
d) None of the above.

Ans: B
Difficulty: Moderate
Ref: Operations Management Essentials

157. A Harvard Business Review survey ranked which of the following as first and second among the most important goals in the success of organizations?
a) Technological advancements and recruiting quality employees.
b) Financial returns to stockholders and market share.
c) Productivity and profitability.
d) Satisfying internal and external customers.
e) Customer service and product quality.

Ans: E
Difficulty: Hard
Ref: Service and Product Quality

158. According to a survey by the market research firm, Michelson & Associates, customers abandon a retail store for which of the following reasons?
a) Price fixing and false advertising.
b) Poor service and product dissatisfaction.
c) Product modification and excessive service charges.
d) Employee grievances and poor working standards.
e) Poor quality products and price fixing.

Ans: B
Difficulty: Hard
Ref: Service and Product Quality

159. _____ uses the latest information technology that allows organizations to maintain intense communication with customers as well as to gather and utilize data regarding the customers' needs and preferences.
a) Customer relationship management.
b) Internal customer management.

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c) Value chain management.
d) Total quality management.
e) Supply chain management.

Ans: A
Difficulty: Easy
Ref: Service and Product Quality

160. Individuals who purchase the goods or services produced by an organization are called _____.
a) Merchants.
b) Internal customers.
c) External customers.
d) Satisfied customers.
e) Producers.

Ans: C
Difficulty: Easy
Ref: Service and Product Quality

161. Individuals in an organization who depend on the results of others' work in order to do their own jobs well are called _____.
a) Jobbers.
b) Internal customers.
c) External customers.
d) Quality experts.
e) Dependent employees.

Ans: B

Difficulty: Easy
Ref: Service and Product Quality

162. Gloria assembles circuit boards in a computer manufacturing plant. She gets the chips for the boards from David, assembles the boards, and then forwards them to Judy, who puts them into the finished components. This example illustrates the concept of _____.
a) Integrated manufacturing processes.
b) Efficient task assignments.
c) Internal customers, who use the results of others' work to do their job.
d) Total quality management and shared responsibility.
e) Deming's path to quality.

Ans: C
Difficulty: Hard

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Ref: Service and Product Quality

163. _____ indicates conformance with a rigorous set of international quality standards.
a) Consumer protection certification.
b) International Q certification.
c) AAA certification.
d) International customer service certification.
e) ISO certification.

Ans: E
Difficulty: Easy
Ref: Service and Product Quality

164. Organizations that want to compete in the world marketplace as "world-class companies" can gain a competitive advantage by having their operations achieve _____.
a) Consumer protection certification.
b) International Q certification.
c) ISO certification.
d) AAA certification.
e) Manufacturing supply certification.

Ans: C
Difficulty: Hard
Ref: Service and Product Quality

165. To receive ISO certification, companies must _____ and _____.
a) Undergo extensive managerial training … be approved by the Management Development Institute.
b) Receive governmental approval to apply for the certification exam … have at least 90% of the employees pass the certification exam.
c) Refine and upgrade quality in all operations …. undergo a rigorous assessment by outside auditors to determine if quality standards are met.
d) Apply for membership in the International Society for Operations (ISO) … receive approval from the ISO membership committee.
e) Increase sales for three years in a row … decrease customer complaints in each year.

Ans: C
Difficulty: Hard
Ref: Service and Product Quality

166. The term total quality management is used to describe the process of _____.

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a) Training managers to monitor quality and then making them responsible for overall quality in their areas of responsibility.
b) Managing with an organization-wide commitment to continuous improvement, product quality, and customer needs.
c) Reducing the need for quality inspections by training employees to be quality conscious.
d) Producing holistic work environments.
e) Designing and manufacturing quality products.

Ans: B
Difficulty: Hard
Ref: Service and Product Quality

167. Which of the following characteristics does NOT accurately describe the process of total quality management?
a) Making quality principles a part of the organization's strategic objectives.
b) Applying quality principles to all aspects of operations.
c) Committing the organization to continuous quality improvement.
d) Striving to meet customers' needs by doing things right the first time.
e) Committing the organization to the use of self-managing work teams.

Ans: E
Difficulty: Hard
Ref: Service and Product Quality

168. Continuous improvement is the attempt to _____.
a) Continually watch quality control to detect errors.
b) Maintain the quality advantage by always looking for new ways to improve current performance.
c) Look for ways to confirm current production methods.
d) Seek competitive marketing opportunities.
e) Monitor future production.

Ans: B
Difficulty: Hard
Ref: Service and Product Quality

169. The basic philosophy of _____ is that organization members should never be satisfied with current performance.
a) Performance management.
b) Continuous improvement.
c) Performance appraisal.
d) Supply chain analysis.
e) Human resources management.

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Ans: B
Difficulty: Moderate
Ref: Service and Product Quality

170. An important aspect of _____ is the belief that organization members should find ways to serve customer needs more quickly.
a) Performance management.
b) Performance appraisal.
c) Supply chain analysis.
d) Human resources management.
e) Continuous improvement.

Ans: E
Difficulty: Moderate
Ref: Service and Product Quality

171. In the context of control systems, _____ involves checking processes, materials, products, and services to ensure that they meet high standards.
a) Purchasing control.
b) Quality control.
c) Inventory control.
d) Management process control.
e) Progressive control.

Ans: B
Difficulty: Moderate
Ref: Service and Product Quality

172. _____ usually involves taking samples of work, measuring quality in the samples, and determining the acceptability of results.
a) Just-in-time scheduling.
b) Work variation management.
c) Work sampling acceptability analysis.
d) Statistical quality control.
e) Break-even analysis.

Ans: D
Difficulty: Easy
Ref: Service and Product Quality

173. Statistical quality control is the use of statistical techniques to _____.

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a) Determine appropriate debt levels.
b) Help make good investment decisions.
c) Improve profit margins.
d) All of the above.
e) None of the above.

Ans: E
Difficulty: Moderate
Ref: Service and Product Quality

174. Primary activities of a Value Chain are:
a) Marketing and sales
b) Procurement
c) Human Resource Management
d) Infrastructure management

Ans: A
Difficulty: Moderate
Ref: Value Chain Management

175. Improving the paint quality on your product to make it last longer for your customer is an example of:
a) Value chain management
b) Value creation
c) Supply chain management
d) PERT

Ans: B
Difficulty: Hard
Ref: Value Chain Management

176. Management of the value chain requires:
a) Periodic analysis of the system
b) No analysis of the system
c) Continuous analysis of the system
d) Six Sigma qualification

Ans: C
Difficulty: Hard
Ref: Value Chain Management

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177. A well-functioning value chain should involve a:
a) A series of consecutive steps that add value to inputs right up to the point that finished goods or services are delivered to the customer.
b) A series of steps done all at once and delivered as cheaply as possible.
c) Production manager to keep watch over the human resource people.
d) Many levels of management.

Ans: A
Difficulty: Moderate
Ref: Value Chain Management

178. According to Michael Hammer, _____ is the systematic and complete analysis of work processes and the design of new and better ones.
a) Process redesigning.
b) Process reengineering.
c) Process resurfacing.
d) Process restructuring.
e) Systems process analysis and design.

Ans: B
Difficulty: Easy
Ref: Work Processes

179. The goal of process reengineering is to focus attention on all of the following EXCEPT:
a) Improving customer satisfaction.
b) Improving work performance.
c) Breaking people and mindsets away from habits.
d) Eliminating preoccupation with past accomplishments.
e) Continuing the existing ways of doing things.

Ans: E
Difficulty: Moderate
Ref: Work Processes

180. _____ refer(s) to a group of related tasks that together create value for the customer.
a) A job description.
b) Job responsibilities.
c) A work process.
d) Job relationships.
e) A task group.

Ans: C
Difficulty: Easy

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Ref: Work Processes

181. According to Michael Hammer, which of the following is NOT a key characteristic of a work process?
a) Tasks are viewed as a group rather than in isolation.
b) Everyone must share a common goal.
c) The focus is on accomplishments, not activities.
d) Everyone is rewarded equally.
e) Customers are the ones who really count.

Ans: D
Difficulty: Moderate
Ref: Work Processes

182. _____ refers to the way work moves from one point to another in the manufacturing or service delivery processes.
a) Work process.
b) Workflow.
c) Technical flow.
d) Operations management.
e) Work delivery plan.

Ans: B
Difficulty: Easy
Ref: Work Processes

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

Ans: E
Difficulty: Moderate
Ref: Work Processes

184. Through _____, an organization's core processes are identified and carefully evaluated for their contributions to performance.
a) Value chain analysis.

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b) Process value systems.
c) Process value analysis.
d) Alternative analysis control.
e) Systems design.

Ans: C
Difficulty: Easy
Ref: Work Processes

185. In _____, each step in the workflow is examined to determine if it is important, useful, and contributing to the value added.
a) Value chain analysis.
b) Process value systems.
c) Alternative analysis control.
d) Process value analysis.
e) Systems design.

Ans: D
Difficulty: Easy
Ref: Work Processes

186. In reengineering core processes, managers should do all of the following EXCEPT:
a) Identify the core processes.
b) Map the core processes with respect to workflows.
c) Evaluate all tasks for the core processes.
d) Identify the organization's key strategic objectives.
e) Search for ways to eliminate unnecessary tasks or work.

Ans: D
Difficulty: Moderate
Ref: Work Processes

187. In reengineering core processes, managers should do all of the following EXCEPT:
a) Evaluate the validity of the organization's mission.
b) Evaluate all tasks for the core processes.
c) Search for ways to eliminate unnecessary tasks or work.
d) Search for ways to eliminate delays, errors, and misunderstandings.
e) Search for efficiencies in how work is shared and transferred among people and departments.

Ans: A
Difficulty: Moderate
Ref: Work Processes

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188. _____ is/are central to Michael Hammer's approach to process reengineering.
a) Customers.
b) Efficiency.
c) Teamwork.
d) All of the above.
e) None of the above.

Ans: D
Difficulty: Easy
Ref: Work Processes

189. An important goal of _____ is redesigning core processes to establish control for them with an identifiable group of people.
a) Process reengineering.
b) Cultural management.
c) Corporate social responsibility.
d) Mechanistic organization design.
e) Bureaucracy.

Ans: A
Difficulty: Easy
Ref: Work Processes

190. Focusing each person and the entire system on meeting customer needs and expectations is a major purpose of _____.
a) Cultural management.
b) Corporate social responsibility.
c) Process reengineering.
d) Mechanistic organization design.
e) Bureaucracy.

Ans: C
Difficulty: Easy
Ref: Work Processes

191. Eliminating duplication of work and systems bottlenecks is a prime objective of _____.
a) Cultural management.
b) Corporate social responsibility.
c) Mechanistic organization design.
d) Bureaucracy.
e) Process reengineering.

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Ans: E
Difficulty: Easy
Ref: Work Processes

192. Reducing costs and increasing efficiency while creating the ever-present capacity for change is one of the prime objectives of _____.
a) Cultural management.
b) Corporate social responsibility.
c) Process reengineering.
d) Mechanistic organization design.
e) Bureaucracy.

Ans: C
Difficulty: Moderate
Ref: Work Processes

193. To establish a CRM program it is important to know that all customers want:
a) A deal
b) A rebate if the delivery is late
c) High quality, low price and on-time delivery
d) Anything they can get cheap

Ans: C
Difficulty: Moderate
Ref: Service and Product Quality

194. For CRM to work well, it takes:
a) Money and time.
b) Good lobbyists in Washington.
c) Commitment and continuous attention.
d) A reduction in the number of corporate VP's.

Ans: C
Difficult: Moderate
Ref: Service and Product Quality

195. Total Quality Management is a result of the work originally done by:
a) Harry Truman
b) Peter Drucker
c) Herman Franks

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d) W. Edwards Deming

Ans: D
Difficulty: Hard
Ref: Service and Product Quality

196. Always looking for new ways to improve on current performance is known as:
a) Continuous casting.
b) Continuous improvement.
c) Improvement by leaps and bounds.
d) Statistical process Control.

Ans: B
Difficulty: Moderate
Ref: Service and Product Quality

Essay Questions

197. Why is value and supply chain management important in operations management?

Ans: The value chain is the specific sequence of activities that creates goods and services with value for customers. As an organization, it is important to be able to identify and diagram the components of the value chain so as to focus attention on two major questions 1) What value is being created for customers in each step? 2) How efficient is each step as a contributor to overall organizational productivity?
Supplier relationships on the input side must be well managed. SCM involves strategic management of all operations linking an organization and its suppliers, including such areas as purchasing, manufacturing, transportation, and distribution. The goals of supply chain management are to achieve efficiency in all aspects of the supply chain while ensuring on-time availability of quality resources and products.
Difficulty: Moderate
Ref: Operations Management Essentials

198. Why would an organization want to engage in process reengineering? How can business processes be reengineered?

Ans: Organizations engage in process engineering in order to: center control for the core processes with an identifiable group of people; focus the entire system on meeting customer needs and expectations; eliminate duplication of work and systems bottlenecks; reduce costs; and streamline operations efficiency. The reengineering of core business processes follows a six-step procedure. This procedure is:

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- Identify the core processes.
- Map the core processes with respect to workflows.
- Evaluate all tasks for the core processes.
- Search for ways to eliminate unnecessary tasks or work.
- Search for ways to eliminate delays, errors, and misunderstandings.
- Search for efficiencies in how work is shared and transferred among people and departments.

Difficulty: Moderate
Ref: Work Processes

199. Define work process according to Michael Hammer and explain what value process re-engineering adds not only to the organization, but to the customer.

Ans: Work process, according to Hammer, is "a related group of tasks that together create a result of value for the customer. Hammer highlights 4 key words as implications of this definition: 1) group – tasks are viewed as part of a group rather than in isolation, 2) together – everyone must share a common goal, 3) result – focus is on accomplishments, not activities, 4) customer – processes serve customers whose perspectives really count.
Since customer service processes often include many unnecessary or redundant tasks, process re-engineering reduces those tasks through elimination or combination in order to shorten the response time and therefore meeting customer needs and expectations more efficiently.
Difficulty: Moderate
Ref: Work Processes

200. Andy Moore sells handcrafted decorations at the Flea market. The cost to rent a booth at the Flea market is $150. The variable cost to makes these decorations is $20 each and Andy sells them for $50. How many of these must Andy sell to break even?

Ans: Break-Even Point = Fixed costs / (Price per unit) – (variable cost per unit)
Fixed cost = 150
Selling price per unit = 50
Variable cost per unit = 20
Break Even point = 150 / (50-20) = 150/30
Break Even point = 5 units must be sold for a break-even point.
Difficulty: Moderate
Ref: Value Chain Management

201. Briefly explain the following terms:
Productivity
Value Chain
Economic Order Quantity
Total Quality Management

Ans: Productivity is a quantitative measure of the efficiency with which inputs are transformed into outputs. Productivity = Output/Input

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Value Chain is the specific sequence of activities that results in the creation of products or services with value for customers. The value chain includes all primary activities—such as inbound logistics, operations, outbound logistics, marketing, sales, and after-sales service, as well as support activities—such as procurement, human resource management, technology development and support.

The Economic Order Quantity method of inventory control involves ordering a fixed number of items every time an inventory level falls to a predetermined point. When this point is reached, a decision is automatically made (typically by computer) to place a standard order to replenish the stock. The order sizes are mathematically calculated to minimize costs of inventory.

Total Quality Management is a process that makes quality principles part of the organization's strategic objectives, applying them to all aspects of operations and striving to meet customers' needs by doing things right the first time. Total quality management is managing with an organization-wide commitment to continuous improvement, product quality, and customer needs.

Difficulty: Moderate

Ref: Operations Management Essentials, Value Chain Management and Service and Product Quality

202. Today, billions of dollars are wasted through lack of a focus on quality. This waste can stem from something as apparently insignificant as an improperly scheduled meeting that results in a loss of productive human time to a defective product or undelivered service that results in the loss of a customer. This absence of focus on quality results in product and processing systems which lack flexibility, innovativeness, and timeliness to market. How can the Total Quality Management approach help to eliminate this unnecessary waste?

Ans: Quality is not something for the quality department. If a corporate culture focuses on the customer, quality control will spring from each employee. Total Quality Management is a process that makes quality principles part of the organization's strategic objectives, applying them to all aspects of operations and striving to meet customers' needs by doing things right the first time.

Total quality management is basically a customer-oriented paradigm that occurs through processes. The emphasis on customer focus requires a company to be process based. A process organization is simply one that is conceived as a flow of interdependent processes, which must be understood and improved. When people are able to perceive commonality in goals, then it becomes easier to communicate over departmental or functional walls. Teams, by working towards a common collaborative goal, help in breaking down barriers and act as agents for change.

The continuous cycle of establishing customer requirements, meeting the requirements, measuring success and continuing to improve can be used internally to fuel the engine of external and continuous improvement. By continually checking customers' requirements, a company can find areas in which improvements can be made.

There are many success stories of how TQM has helped transform companies. One of them is Ericsson Inc. of Lynchburg, Virginia, that implemented a successful TQM program. The TQM program, named Winshare, saved the company approximately US $60 million over 10 years. Employees were divided into 63 teams, and each team elected a co-worker as a leader. Teams were used to develop improvement ideas and received US $6000 to implement them.

Difficulty: Hard

Ref: Service and Product Quality

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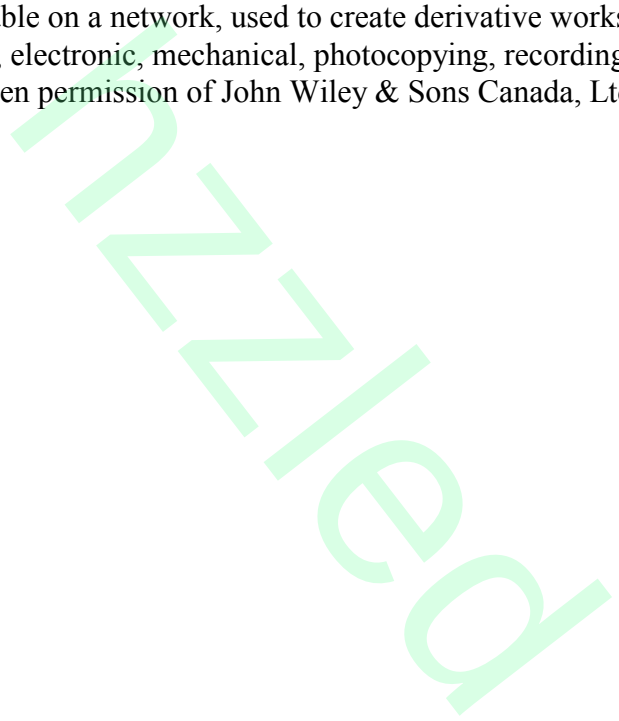

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