CHAPTER 1—ORGANIZATIONS AND ORGANIZATION THEORY

MULTIPLE CHOICE

1. Some specific challenges today's managers and organizations face includes all of the following except:
   a. ethical scrutiny.
   b. increasing diversity.
   c. a traditional workplace.
   d. globalization.

   ANS: C  PTS: 1  REF: pgs. 8-11
   NAT: AACSBA Analytic | AACSBS Strategy

2. Outsourcing firms in low-wage countries can often do work for ____ less than companies based in the United States.
   a. 50 to 60 percent
   b. 20 to 30 percent
   c. 40 to 45 percent
   d. 15 to 25 percent

   ANS: A  PTS: 1  REF: pg. 9
   NAT: AACSBA Analytic | AACSBS Strategy

3. The definition of "organization" is:
   a. a goal-directed entity that has members who set goals and achieve them through strategic planning.
   b. an entity with identifiable permanent boundaries.
   c. a social entity that is goal-directed, has a deliberately-structured activity system, and is linked to the external environment.
   d. a business that performs work activities and contributes to its society by employing people.

   ANS: C  PTS: 1  REF: pg. 12
   NAT: AACSBR Reflective Thinking | AACSBC Creation of Value
4. The key element of an organization is its
   a. buildings and policies.
   b. people and their relationships.
   c. profits.
   d. facilities location.

   ANS: B       PTS: 1       REF: pg. 12
   NAT: AACSBAACSB Reflective Thinking | AACSBAACSB Group Dynamics

5. Financial resources for nonprofit organizations usually come from all of the
   following except
   a. the sale of competitor's products or services.
   b. grants.
   c. government appropriations.
   d. donations.

   ANS: A       PTS: 1       REF: pg. 13
   NAT: AACSBAACSB Analytic | AACSBAACSB Creation of Value

6. Non-profit organization managers deal with many diverse shareholders and must
   market their services to all of the following except
   a. donors.
   b. shareholders.
   c. clients.
   d. volunteers.

   ANS: B       PTS: 1       REF: pg. 13
   NAT: AACSBAACSB Analytic | AACSBAACSB Group Dynamics

7. The importance of organizations includes all of the following concepts except:
   a. creating value for owners, customers, and employees.
   b. establishing important relationships with the government.
   c. facilitating innovation.
   d. bringing together resources for achieving desired goals and outcomes.
8. Contingency factors
   a. represent only the external environment.
   b. are centralization and personnel ratios.
   c. represent only the organization characteristics.
   d. include size and environment.

9. Which of the following provides labels to describe the internal characteristics of an organization?
   a. Contextual dimensions
   b. Contingency analysis
   c. Organizational dynamics
   d. Structural dimensions

10. The 385-page book that McDonald's uses to describe all rules and procedures in each of its stores best represents which of the following dimensions?
    a. Learning theory
    b. Sequential interdependence
    c. Formalization
    d. Specialization

11. The degree to which organizational tasks are subdivided into separate jobs is referred to as
    a. formalization.
    b. specialization.
12. Which of the following is a contingency rather than a structural dimension of an organization?
   a. Labor force
   b. Culture
   c. Professionalism
   d. Centralization

   ANS: B   PTS: 1   REF: pg. 18
   NAT: AACSB Reflective Thinking | AACSB Strategy

13. Compare Ternary Software with Wal-Mart (In Practice activity). These two companies illustrate the concept that:
   a. larger organizations need to have tight controls at the top.
   b. successful organizations can have very different strategies and goal emphases.
   c. a moderate to high level of formalization is crucial to an organization's success.
   d. centralization is necessary in organizations when they face high levels of competition.

   ANS: B   PTS: 1   REF: pgs. 21-22
   NAT: AACSB Analytic | AACSB HRM

14. _____ is the degree to which an organization achieves its goals.
    a. Effectiveness
    b. Efficiency
    c. Organizational strategy
    d. Stakeholder profitability
15. Which of the following integrates diverse organizational activities by looking at various organizational stakeholders and what they want from the organization?
   a. Effectiveness
   b. Organizational culture
   c. Efficiency
   d. Stakeholder approach

16. _____ refers to the amount of resources used to achieve the organization's goals.
   a. Stakeholder approach
   b. Effectiveness
   c. Efficiency
   d. Resource management

17. Managers carefully balance the needs and interests of various stakeholders in setting goals and striving for effectiveness. This refers to
   a. scientific management.
   b. the stakeholder approach.
   c. organization theory.
   d. chaos theory.

18. Scientific management, pioneered by Frederick Taylor, claimed that decisions about organizations and job design should be based on:
   a. precise, scientific procedures after careful study of individual situations.
   b. the insights of practitioners.
c. leadership, motivation, and human resource management.
d. management theory.

ANS: A  PTS: 1  REF: pg. 25
NAT: AACSB Reflective Thinking | AACSB Strategy

19. Scientific management was:
a. pioneered by Henri Fayol.
b. an outgrowth of the Hawthorne studies which found that people performed best in an environment of clearly specified, narrow job task.
c. focused on effectiveness rather than efficiency.
d. successful at increasing output, in part through the use of incentive systems.

ANS: D  PTS: 1  REF: pg. 25
NAT: AACSB Reflective Thinking | AACSB Strategy

20. _____ emphasized designing and managing organization on an impersonal, rational basis through such elements as clearly defined authority and responsibility, formal record keeping, and uniform application of standard rules.
a. The Hawthorne Studies
b. Scientific management
c. The bureaucratic organization
d. Contingency theory

ANS: C  PTS: 1  REF: pg. 27
NAT: AACSB Analytic | AACSB Leadership Principles

21. Interpretations of _____ concluded that positive treatment of employees improved their motivation and productivity.
a. bureaucratic organizations
b. stakeholder approaches
c. scientific management
d. the Hawthorne Studies
22. Contingency means that:
   a. organizations should be structured loosely.
   b. management structure is determined by the era or times.
   c. one thing depends on other things, such as structure depending on environment.
   d. the key contingent of workers should be college graduates.

23. John Black, a management consultant, successfully implemented an MBO program on his first consulting job. He now recommends MBO to all his clients. In so doing, our text would say the main point is that he is ignoring:
   a. the latest techniques for solving problems.
   b. the principles of contingency theory.
   c. the external environment of the organization.
   d. the internal environment of the organization.

24. The technical core refers to:
   a. the computer hardware that runs information processing in the organization.
   b. the people who do the basic work of the organization, producing product and service outputs.
   c. administrators who run the organization.
   d. top management that has been promoted from within and thereby knows the inner core of organizational processes.
25. Mintzberg’s five basic parts of an organization include all except which of the following?
   a. Administrative support
   b. Management
   c. Technical support
   d. Computer infrastructure

   ANS: D         PTS: 1         REF: pgs. 28-29
   NAT: AACSB Analytic | AASCB Strategy

26. Functions such as human resources, organizational development, the employee cafeteria, and maintenance staff refer to which of the following five basic parts of an organization?
   a. Technical support
   b. Human infrastructure
   c. Administrative support
   d. None of these

   ANS: C         PTS: 1         REF: pg. 29
   NAT: AACSB Analytic | AASCB HRM

27. _____ is the subsystem responsible for directing and coordinating other parts of the organization.
   a. The technical core
   b. Management
   c. Human Resources
   d. Accounting

   ANS: B         PTS: 1         REF: pg. 29
   NAT: AACSB Reflective Thinking | AASCB Leadership Principles

28. The science of _____ suggests that relationships in complex, open systems are nonlinear and made up of numerous interconnections and divergent choices that create unintended effects and render the whole unpredictable.
   a. organization theory
   b. chaos theory
c. meso theory
d. bureaucracy theory

ANS: B    PTS: 1    REF: pg. 34
NAT: AACSB Reflective Thinking | AACSB Operations Management

29. Which of the following has discretion and responsibility, allowing the person to use his or her discretion and ability to achieve an outcome or meet a goal?
   a. Stakeholder
   b. Norm
   c. Task
   d. Role

ANS: D    PTS: 1    REF: pg. 30
NAT: AACSB Analytic | AACSB Individual Dynamics

30. Which of the following is not an element of organizational design?
   a. Structure
   b. Systems
   c. Technological advances
   d. Tasks

ANS: C    PTS: 1    REF: pgs. 30-31
NAT: AACSB Analytic | AACSB Creation of Value

31. The primary level of analysis in organization theory is on the _____, with some concern for the ____ and the _____.
   a. departments, employees, environment
   b. organization, environment, departments
   c. environment, organization, departments
   d. organization, environment, individual

ANS: B    PTS: 1    REF: pg. 35
NAT: AACSB Analytic | AACSB Strategy
32. The study of organizational behavior is:
   a. different from the study of organization theory because of a different focus.
   b. the same thing as the study of organization theory.
   c. an "umbrella" that encompasses the study of organization theory.
   d. a subset of organization theory.

ANS: A  PTS: 1  REF: pg. 35
NAT: AACSB Reflective Thinking | AACSB Leadership Principles

33. Which of the following describes the study of organizational behavior?
   a. The same as the study of organization theory
   b. A macro analysis of the whole organization
   c. Focus on people, structure, and environment
   d. A micro approach focusing on the individual

ANS: D  PTS: 1  REF: pg. 35
NAT: AACSB Analytic | AACSB Individual Dynamics

34. A poll by the Association of Executive Search Consultants found _____, _____, and _____ to be the top three countries in which companies want star talent, reflecting these organizations’ increasing investment in those regions.
   a. China; India; Brazil
   b. the United States; Germany; Japan
   c. England; Australia; the United States
   d. Japan; Afghanistan; Poland

ANS: A  PTS: 1  REF: pg. 8
NAT: AACSB Analytic | AACSB Environmental Influence

35. A survey of 20,000 people in 19 countries, conducted by market research firm GfK for The Wall Street Journal found that _____ percent of respondents believe cheating in business is more common today than it was 10 years ago.
   a. 10
   b. 25
   c. 55
d. 75

ANS: C  PTS: 1  REF: pg. 9
NAT: AACSB Ethics | AACSB Ethical Responsibilities

36. _____ refers to economic development that generates wealth and meets the needs of the current generation while saving the environment so future generations can meet their needs as well.
   a. Decentralization
   b. Recycling
   c. Scientific management
   d. Sustainability

ANS: D  PTS: 1  REF: pgs. 9-10
NAT: AACSB Ethics | AACSB Ethical Responsibilities

37. Wal-Mart has implemented an energy-efficient trucking fleet, is increasing its use of green materials in buildings, and aims to eliminate all the company’s landfill waste by 2025. Wal-Mart is focusing its efforts on which of the following?
   a. The levels of analysis
   b. Sustainability
   c. Scientific management
   d. Environmental management

ANS: B  PTS: 1  REF: pg. 10
NAT: AACSB Reflective Thinking | AACSB Ethical Responsibilities

38. Hispanics will make up _____ percent of the workforce by 2018.
   a. 8.2
   b. 17.6
   c. 50.7
   d. 68.9

ANS: B  PTS: 1  REF: pg. 11
NAT: AACSB Diversity | AACSB Environmental Influence
39. _____ dimensions provide labels to describe the internal characteristics of an organization.
   a. Contingency
   b. Structural
   c. Stakeholder
   d. Subsystem

   ANS: B        PTS: 1       REF: pg. 17
   NAT: AACSB Analytic | AACSB Creation of Value

40. _____ describes who reports to whom and the span of control for each manager.
   a. Hierarchy of authority
   b. Formalization
   c. Centralization
   d. Specialization

   ANS: A        PTS: 1       REF: pg. 18
   NAT: AACSB Analytic | AACSB Leadership Principles

41. _____ refers to the hierarchical level that has authority to make decisions.
   a. Hierarchy of authority
   b. Specialization
   c. Centralization
   d. Formalization

   ANS: C        PTS: 1       REF: pg. 18
   NAT: AACSB Analytic | AACSB Leadership Principles

42. _____ refers to the tools, techniques, and actions used to transform inputs into outputs.
   a. Size
   b. Goals
   c. Organizational technology
   d. Culture
43. Administrative principles contributed to the development of which of the following?
   a. The stakeholder approach
   b. Scientific management
   c. The Hawthorne Studies
   d. Bureaucratic organizations

   ANS: D       PTS: 1       REF: pg. 27
   NAT: AACSB Analytic | AACSB Strategy

44. Which of the following is NOT the responsibility of middle managers?
   a. Implementing at the departmental level
   b. Providing direction, planning, and strategy for the organization
   c. Mediating between top management and the technical core
   d. Coordinating at the departmental level

   ANS: B       PTS: 1       REF: pg. 29
   NAT: AACSB Analytic | AACSB Strategy

45. A(n) _____ design means that the organization is characterized by machine-like standard rules, procedures, and a clear hierarchy of authority.
   a. contingency
   b. chaos
   c. organic
   d. mechanistic

   ANS: D       PTS: 1       REF: pg. 30
   NAT: AACSB Analytic | AACSB Operations Management

46. A(n) _____ design means that the organization is much looser, free-flowing, and adaptive.
   a. mechanistic
b. organic
c. flexible
d. centralized

ANS: B  PTS: 1  REF: pg. 30
NAT: AACSB Analytic | AACSB Operations Management

47. AT ABC Company, employees are encouraged to take care of problems by working with one another and with customers, using their discretion to make decisions. ABC Company is a _____ organization.
a. decentralized
b. centralized
c. mechanistic
d. sustainable

ANS: A  PTS: 1  REF: pg. 30
NAT: AACSB Reflective Thinking | AACSB Leadership Principles

TRUE/FALSE

1. Global outsourcing and strategic partnering with foreign firms are related trends to gain a global advantage.

ANS: T  PTS: 1  REF: pg. 8
NAT: AACSB Diversity | AACSB Strategy

2. Outsourcing firms in low-wage countries can often do work for 70 to 80 percent less than companies based in the United States.

ANS: F  PTS: 1  REF: pg. 9
NAT: AACSB Analytic | AACSB Environmental Influence

3. Organizations are currently operating in a stable environment, so managers can focus on designing structures and systems that keeps the organization running efficiently.

ANS: F  PTS: 1  REF: pg. 10
4. Today, some companies are cooperating with their competitors, sharing information and technology to their mutual advantage.

ANS: T  PTS: 1  REF: pg. 12

NAT: AACSB Technology | AACSB Strategy

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

ANS: F  PTS: 1  REF: pg. 12

NAT: AACSB Analytic | AACSB Group Dynamics

6. Financial resources for nonprofits typically come from government appropriations, grants, and donations rather than from the sale of products or services to customers.

ANS: T  PTS: 1  REF: pg. 13

NAT: AACSB Analytic | AACSB Operations Management

7. E-business and through the use of computer-based manufacturing technologies are two ways companies produce and distribute desirable goods and services more efficiently.

ANS: T  PTS: 1  REF: pg. 15

NAT: AACSB Technology | AACSB Information Technologies

8. One reason organizations exist is to shape the lives of all the organizational stakeholders.

ANS: F  PTS: 1  REF: pg. 12

NAT: AACSB Reflective Thinking | AACSB Creation of Value

9. The amount of written documentation in the organization is called formalization.

ANS: T  PTS: 1  REF: pg. 18

NAT: AACSB Communication | AACSB Creation of Value
10. An organization's culture is usually contained in the written policy manual.

ANS: F  PTS: 1  REF: pgs. 20-21
NAT: AACSB Diversity | AACSB Leadership Principles

11. The four structural dimensions of organization design are formalization, specialization, culture, and environment.

ANS: F  PTS: 1  REF: pg. 18
NAT: AACSB Analytic | AACSB Creation of Value

12. Common structural variables studied as dimensions of organizations are goals, culture, and environment.

ANS: F  PTS: 1  REF: pg. 20
NAT: AACSB Reflective Thinking | AACSB Creation of Value

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

ANS: T  PTS: 1  REF: pg. 20
NAT: AACSB Reflective Thinking | AACSB Group Dynamics

14. The nine contingency and structural dimensions are not dependent on each other.

ANS: F  PTS: 1  REF: pg. 21
NAT: AACSB Reflective Thinking | AACSB Creation of Value

15. Efficiency refers to the amount of resources used to achieve the organization's goals, whereas effectiveness refers to the degree to which an organization achieves its goals.

ANS: T  PTS: 1  REF: pg. 23
NAT: AACSB Reflective Thinking | AACSB Strategy

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

ANS: T  PTS: 1  REF: pg. 23
17. Usually, organizations can easily satisfy the demands of all of its stakeholders simultaneously.

ANS: F    PTS: 1    REF: pg. 23

18. The classical perspective of organization design sought to make organizations run like learning organizations in a turbulent environment.

ANS: F    PTS: 1    REF: pg. 25

19. Scientific management focused on the total organization and grew from the insights of practitioners.

ANS: F    PTS: 1    REF: pg. 25

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

ANS: T    PTS: 1    REF: pg. 27

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

ANS: T    PTS: 1    REF: pg. 27

22. Contingency means that one thing depends on other things, and for organizations to be effective, there must be a "goodness of fit" between their structure and the conditions of their external environment.

ANS: T    PTS: 1    REF: pg. 28
23. For much of the twentieth century, organizations operated in a world that was relatively stable, but today the environment can be characterized as turbulent.

ANS: T  PTS:  1  REF: pg. 10

24. The administrative support function is a distinct function, responsible for directing and coordinating other parts of the organization.

ANS: F  PTS:  1  REF: pg. 29

25. The new mindset has spurred many organizations to shift from strict horizontal hierarchies to centralized structures.

ANS: F  PTS:  1  REF: pg. 30

26. Organizations today have rigid boundaries separating them from other organizations.

ANS: F  PTS:  1  REF: pg. 12

27. The primary level of analysis in organization theory is first line supervision.

ANS: F  PTS:  1  REF: pgs. 34-35

28. Organization theory is a macro examination of organizational activity, emphasizing structure and behavior of the organization level of analysis.

ANS: T  PTS:  1  REF: pg. 35

29. Organizations are static.
30. The cliche that the world is getting smaller is dramatically true for today’s organizations.

ANS: T  PTS: 1  REF: pg. 8
NAT: AACSB Analytic | AACSB Strategy

31. Sustainability refers to economic development that generates wealth and meets the needs of the current generation while saving the environment so future generations can meet their needs as well.

ANS: T  PTS: 1  REF: pgs. 9-10
NAT: AACSB Ethics | AACSB Ethical Responsibilities

32. About half of the current population growth in the United States is due to immigration.

ANS: F  PTS: 1  REF: pg. 11
NAT: AACSB Diversity | AACSB Environmental Influence

33. Men constitute the majority of the workforce in the United States.

ANS: F  PTS: 1  REF: pg. 11
NAT: AACSB Diversity | AACSB Environmental Influence

34. The Salvation Army, the World Wildlife Fund, and Save the Children Foundation are nonprofit organizations.

ANS: T  PTS: 1  REF: pg. 13
NAT: AACSB Reflective Thinking | AACSB Ethical Responsibilities

35. Organizations as we know them are relatively ancient in the history of humankind.

ANS: F  PTS: 1  REF: pg. 14
NAT: AACSB Analytic | AACSB Creation of Value
36. Contingency factors can be confusing because they represent both the organization and the environment.

ANS: T  PTS: 1  REF: pg. 17
NAT: AACSB Analytic | AACSB Creation of Value

37. The size of an organization is typically measured by the number of employees.

ANS: T  PTS: 1  REF: pg. 20
NAT: AACSB Analytic | AACSB Creation of Value

38. Lisa is a citizen of a town called Flagship. Management at Best Buy is contemplating opening a store in Flagship. Lisa can be considered a Best Buy stakeholder.

ANS: T  PTS: 1  REF: pg. 23
NAT: AACSB Reflective Thinking | AACSB Strategy

39. Self-directed teams are the fundamental work unit in highly organic organizations.

ANS: T  PTS: 1  REF: pg. 32
NAT: AACSB Analytic | AACSB Operations Management

40. A closed system must interact with the environment in order to survive.

ANS: F  PTS: 1  REF: pg. 33
NAT: AACSB Analytic | AACSB Environmental Influence

**ESSAY**

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

ANS: Answer not provided.

PTS: 1  REF: pg. 11  NAT: AACSB Diversity | AACSB Group Dynamics
2. Define organizations and the key element of an organization.

ANS:
Answer not provided.

PTS: 1   REF: pg. 12   NAT: AACSB Analytic | AACSB Group Dynamics

3. List the seven reasons organizations exist.

ANS:
Answer not provided.

PTS: 1   REF: pgs. 14-16   NAT: AACSB Reflective Thinking | AACSB Creation of Value

4. Name and define any two structural dimensions and any two contingency factors.

ANS:
Answer not provided.

PTS: 1   REF: pgs. 18-21   NAT: AACSB Reflective Thinking | AACSB Creation of Value

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

ANS:
Answer not provided.

PTS: 1   REF: pg. 18   NAT: AACSB Analytic | AACSB Creation of Value

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

ANS:
Answer not provided.
7. Describe three different stakeholder groups and what they expect.

ANS:
Answer not provided.

PTS: 1 REF: pgs. 23-24 NAT: AACSB Analytic | AACSB Individual Dynamics

8. Define and describe how scientific management should be used.

ANS:
Answer not provided.

PTS: 1 REF: pg. 25
NAT: AACSB Reflective Thinking | AACSB Creation of Value

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

ANS:
Answer not provided.

PTS: 1 REF: pg. 27
NAT: AACSB Analytic | AACSB Creation of Value

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

ANS:
Answer not provided.

PTS: 1 REF: pgs. 28-30
NAT: AACSB Reflective Thinking | AACSB Leadership Principles

11. Henry Mintzberg proposed that the five parts could fit together in five basic types of organization. List and describe these five configurations.
12. Discuss the chaos theory.

ANS:
Answer not provided.

PTS: 1     REF: pg. 34     NAT: AACSB Reflective Thinking | AACSB Creation of Value

13. Describe the difference between task and role. Provide an example of each.

ANS:
Answer not provided.

PTS: 1     REF: pg. 30     NAT: AACSB Reflective Thinking | AACSB Individual Dynamics

14. What are the four levels of analysis? Describe each level.

ANS:
Answer not provided.

PTS: 1     REF: pgs. 34-35    NAT: AACSB Analytic | AACSB Creation of Value

15. What are the levels of analysis that are studied in organization theory? Using any organization with which you are familiar, state one fact about each level of analysis in that particular organization.

ANS:
Answer not provided.

PTS: 1     REF: pgs. 34-35    NAT: AACSB Analytic | AACSB Creation of
16. What is the difference between organization theory and organization behavior?

ANS: Answer not provided.

PTS: 1  REF: pg. 35  NAT: AACSB Analytic | AACSB Creation of Value

17. Define "organization theory" from several perspectives that were discussed in the first chapter.

ANS: Answer not provided.

PTS: 1  REF: pg. 35  NAT: AACSB Reflective Thinking | AACSB Creation of Value

18. You are in a job interview, and the interviewer is looking over your transcript. He says, "Oh, I see that you took a course in organization theory and design. What is that all about?" What do you answer?

ANS: Answer not provided.

PTS: 1  REF: pgs. 30-35  NAT: AACSB Analytic | AACSB Leadership Principles

19. Discuss the difference between a mechanistic and an organic organization design.

ANS: Answer not provided.

PTS: 1  REF: pg. 30  NAT: AACSB Analytic | AACSB Operations Management

20. Describe the differences between centralized and decentralized organizations.
21. Describe the distinction between closed and open systems.

ANS:
Answer not provided.

PTS: 1 REF: pg. 33
NAT: AACSB Analytic | AACSB Environmental Influence