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: pg. 7
   NAT: AACSB Analytic | 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. 8
   NAT: AACSB Analytic | Strategy

3. ____ has moved to the forefront in light of devastating natural disasters and terrorist attacks all over the world.
   a. Prediction management
   b. Trend analysis
   c. Planning events
   d. Crisis management

   ANS: D  PTS: 1  REF: pg. 9
   NAT: AACSB Reflective Thinking | Strategy

4. 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 a permeable boundary.
d. A business that performs work activities and contributes to its society by employing people.

ANS: C  PTS:  1  REF:  pg. 11
NAT: AACSB Reflective Thinking | Creation of Value

5. The key element of an organization is it's
   a. buildings and policies.
   b. people and their relationships.
   c. profits.
   d. facilities location.

ANS: B  PTS:  1  REF:  pg. 11
NAT: AACSB Reflective Thinking | Group Dynamics

6. 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. 12
NAT: AACSB Analytic | Creation of Value
7. 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. 12
   NAT: AACSB Analytic | Group Dynamics

8. The importance of organizations includes all of the following concepts except:
   a. Create value for owners, customers, and employees
   b. Establishing important relationships with the government
   c. Facilitate innovation
   d. Bring together resources for achieving desired goals and outcomes

   ANS: B  PTS: 1  REF: pg. 12-14
   NAT: AACSB Reflective Thinking | Creation of Value

9. Organizations create a drive for ____ rather than reliance on standard products and outmoded ways of doing things.
   a. profitability
   b. fixed structures
   c. innovation
   d. developing change

   ANS: C  PTS: 1  REF: pg. 13
   NAT: AACSB Reflective Thinking | Creation of Value

10. Organizations exist to do which of the following?
    a. Bring in a profit
b. Develop advanced manufacturing and information technologies
  c. Challenge diversity, ethics, and the motivation and coordination of employees
  d. Facilitate innovation

ANS: D        PTS: 1        REF: pg. 14
NAT: AACSB Reflective Thinking | Creation of Value

11. Organizations exist to do all of the following except:
  a. Bring together resources to achieve desired goals and outcomes.
  b. Create a stable, non-changing environment.
  c. Facilitate innovation.
  d. Create value for owners, customers, and employees.

ANS: B        PTS: 1        REF: pg. 14
NAT: AACSB Analytic | Creation of Value

12. Contextual dimensions:
  a. Represent only the external environment.
  b. Are centralization and personnel ratios.
  c. Represent only the organization characteristics.
  d. Include size and environment.

ANS: D        PTS: 1        REF: pg. 15
NAT: AACSB Reflective Thinking | Strategy

13. 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

ANS: D        PTS: 1        REF: pg. 15
NAT: AACSB Analytic | Strategy
14. 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.

   ANS: C  PTS: 1  REF: pg. 15
   NAT: AACSB Analytic | Strategy

15. The degree to which organizational tasks are subdivided into separate jobs is referred to as
   a. formalization.
   b. specialization.
   c. professionalism.
   d. centralization.

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

16. ____ refer to the deployment of people to various functions and departments.
   a. Professionalism
   b. Specialization
   c. Personnel ratios
   d. Hierarchy of authority

   ANS: C  PTS: 1  REF: pg. 17
   NAT: AACSB Reflective Thinking | HRM
17. Which of the following concerns how the organization actually produces the products and services it provides for customers and includes flexible manufacturing, advanced information systems, and the Internet?
   a. Size of the organization
   b. Organizational technology
   c. Organizational goals
   d. Organizational culture

   ANS: B       PTS: 1       REF: pg. 17
   NAT: AACSB Technology | Information Technologies

18. Which of the following is a contextual, 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 Analytic | HRM

19. 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: pg. 18
   NAT: AACSB Analytic | Strategy
20. _____ is the degree to which an organization achieves its goals.
   a. Effectiveness
   b. Efficiency
   c. Organizational strategy
   d. Stakeholder profitability

   ANS: A       PTS: 1       REF: pg. 20
   NAT: AACSB Reflective Thinking | Leadership Principles

21. 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

   ANS: D       PTS: 1       REF: pg. 20
   NAT: AACSB Analytic | Strategy

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

   ANS: C       PTS: 1       REF: pg. 20
   NAT: AACSB Reflective Thinking | Strategy

23. 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.
24. 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. 23
NAT: AACSB Reflective Thinking | Individual Dynamics

25. 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. 23
NAT: AACSB Reflective Thinking | Group Dynamics

26. _____ 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. Hawthorne Studies
   b. Scientific management
   c. Bureaucratic organizations
   d. Contingency theory
27. Interpretations of ____ concluded that positive treatment of employees improved their motivation and productivity.
   a. bureaucratic organizations
   b. stakeholder approaches
   c. scientific management
   d. Hawthorne Studies

28. 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.

29. John Black, a management consultant, successfully implemented and 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.
30. 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.

   ANS: B       PTS: 1       REF: pg. 26
   NAT: AACSB Technology | Information Technologies

31. Mintzberg's five basic parts of an organization include all except which of the following:
   a. Administrative support.
   b. Middle management.
   c. Technical support.
   d. Computer infrastructure.

   ANS: D       PTS: 1       REF: pg. 26-27
   NAT: AACSB Analytic | Strategy

32. 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. 27
   NAT: AACSB Analytic | HRM

33. _____ 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. 27
NAT: AACSB Reflective Thinking | Leadership Principles

34. Which of the following is very large, typically mature, and the technical core is often oriented to mass production?
   a. Machine bureaucracy
   b. Entrepreneurial structure
   c. Adhocracy
   d. Professional bureaucracy

ANS: A  PTS:  1  REF:  pg. 29
NAT: AACSB Analytic | Operations Management

35. Organizations with a(n) ____ are mature firms that are extremely large and are subdivided into product or market groups.
   a. professional bureaucracy
   b. machine bureaucracy
   c. entrepreneurial structure
   d. diversified form

ANS: D  PTS:  1  REF:  pg. 29
NAT: AACSB Analytic | Operations Management

36. Which of the following is typically a new, small start-up company?
   a. Diversified form
   b. Machine bureaucracy
   c. Entrepreneurial structure
   d. Adhocracy

ANS: C  PTS:  1  REF:  pg. 29
NAT: AACSB Analytic | Operations Management
37. In today's world, savvy managers recognize:
   a. They cannot measure, predict or control their environment.
   b. Centralized structures help them to cope with organizational demands.
   c. They do the "thought" work while employees perform their labor.
   d. Leadership is based on thoroughness of written documents.

   ANS: A       PTS: 1       REF: pg. 30
   NAT: AACSB Analytic | Environmental Influence

38. The science of ____ suggests that relationships in complex, adaptive 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. 30
   NAT: AACSB Reflective Thinking | Operations Management

39. The learning organization:
   a. Places high value on problem solving.
   b. Emphasizes training as the essential value.
   c. Engages people in sessions focused on finding maximum organizational efficiency.
   d. Is most effective when the organization's environment is recognized as stable.

   ANS: A       PTS: 1       REF: pg. 31
   NAT: AACSB Reflective Thinking | Leadership Principles
40. 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. 31
   NAT: AACSB Analytic | Individual Dynamics

41. 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: pg. 32
   NAT: AACSB Analytic | Creation of Value

42. ____ become collaborators as well as competitors, experimenting to find the best way to learn and adapt.
   a. Organizations
   b. Theories
   c. Bureaucracies
   d. Tasks

   ANS: A  PTS: 1  REF: pg. 33
   NAT: AACSB Reflective Thinking | Operations Management

43. 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
44. The study of organization 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. 36
NAT: AACSB Reflective Thinking | Leadership Principles

45. 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. 36
NAT: AACSB Analytic | 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. 7
NAT: AACSB Diversity | 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.
3. Organizations are currently operating in a stable environment, so managers can focus on designing structures and systems that keeps the organization running efficiently.

4. Today, companies are cooperating with their competitors, sharing information and technology to their mutual advantage.

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

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

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.

8. One reason organizations exist is to shape the lives of all the organizational stakeholders.
9. The amount of written documentation in the organization is called formalization.

ANS: T  PTS: 1  REF: pg. 15  
NAT: AACSB Communication | Creation of Value

10. An organization's culture is usually contained in the written policy manual.

ANS: F  PTS: 1  REF: pg. 15  
NAT: AACSB Diversity | Leadership Principles

11. The six structural dimensions of organization design are formalization, specialization, culture, environment, hierarchy of authority, professionalism, and goals and strategy.

ANS: F  PTS: 1  REF: pg. 15  
NAT: AACSB Analytic | Creation of Value

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

ANS: F  PTS: 1  REF: pg. 15  
NAT: AACSB Reflective Thinking | Creation of Value

13. Professionalism is the level of formal education and training of employees.

ANS: T  PTS: 1  REF: pg. 17  
NAT: AACSB Reflective Thinking | Individual Dynamics

14. 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. 18  
NAT: AACSB Reflective Thinking | Group Dynamics
15. The eleven contextual and structural dimensions are not dependent on each other.

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

16. 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. 20
NAT: AACSB Reflective Thinking | Strategy

17. 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. 20
NAT: AACSB Diversity | Leadership Principles

18. Usually, organizations can easily satisfy the demands of all of its stakeholders simultaneously.

ANS: F  PTS: 1  REF: pg. 21
NAT: AACSB Analytic | Leadership Principles

19. Research has shown that the assessment of multiple stakeholder groups is an accurate reflection of organizational effectiveness, especially with respect to organizational adaptability.

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

20. In all organizations, managers have to evaluate stakeholder concerns and establish goals that can achieve at least minimal satisfaction for major stakeholder groups.

ANS: T  PTS: 1  REF: pg. 22
21. The classical perspective of organization design sought to make organizations run like learning organizations in a turbulent environment.

ANS: F  PTS: 1  REF: pg. 23
NAT: AACSB Reflective Thinking | Environmental Influence

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

ANS: F  PTS: 1  REF: pg. 23
NAT: AACSB Reflective Thinking | Creation of Value

23. 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. 23
NAT: AACSB Technology | Information Technologies

24. 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. 25
NAT: AACSB Reflective Thinking | Leadership Principles

25. 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. 26
NAT: AACSB Reflective Thinking | Environmental Influence

26. For much of the twentieth century, organizations operated in a world that was relatively stable, but today the environment can be characterized as turbulent.
27. In the learning organization, everyone knows how the organization works and how everything fits together.

ANS: T  PTS: 1  REF: pg. 26
NAT: AACSB Reflective Thinking | Environmental Influence

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

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

29. The machine bureaucracy is very large, typically mature, and the technical core is often oriented to mass production.

ANS: T  PTS: 1  REF: pg. 29
NAT: AACSB Analytic | Creation of Value

30. Organizations with an entrepreneurial structure are mature firms that are extremely large and are subdivided into product or market groups.

ANS: F  PTS: 1  REF: pg. 29
NAT: AACSB Reflective Thinking | Creation of Value

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

ANS: F  PTS: 1  REF: pg. 30
NAT: AACSB Analytic | Creation of Value

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

ANS: F  PTS: 1  REF: pg. 31
NAT: AACSB Reflective Thinking | Group Dynamics
33. In the learning organization, the vertical structure that creates distance between managers at the top and workers in the technical core is disbanded.

ANS: T        PTS: 1        REF: pg. 31
NAT: AACSB Analytic | Group Dynamics

34. In a learning organization, the culture encourages openness, equality, continuous improvement, and change.

ANS: T        PTS: 1        REF: pg. 33
NAT: AACSB Reflective Thinking | Group Dynamics

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

ANS: F        PTS: 1        REF: pg. 35
NAT: AACSB Analytic | Leadership Principles

36. Meso theory concerns the integration of both micro and macro levels of analysis.

ANS: T        PTS: 1        REF: pg. 36
NAT: AACSB Analytic | Creation of Value

37. 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. 36
NAT: AACSB Analytic | Leadership Principles

ESSAY

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

PTS: 1        REF: pg. 10        NAT: AACSB Diversity | Group Dynamics

2. Define organizations and the key element of an organization.
3. List the seven reasons organizations exist.

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

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

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

7. Describe three different stakeholder groups and what they expect.

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

9. Discuss why the Hawthorne Studies are so important to today's organizations and their workers.
10. Henry Mintzberg suggests that there are five parts to every organization. List and describe each of these five parts.

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.

13. What is the example most outstanding in your mind that accurately illustrates the reality of a learning organization?

14. Compare and contrast traditional organizations and learning organizations.

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

16. What is the role of administrative principles in the era of learning organizations?
17. Describe the difference between task and role. Provide an example of each.

PTS: 1  REF: pg. 31  NAT: AACSB Reflective Thinking | Individual Dynamics

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

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

19. 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.

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

20. What is the difference between organization theory and organization behavior?

PTS: 1  REF: pg. 36  NAT: AACSB Analytic | Creation of Value

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

PTS: 1  REF: pg. 36  NAT: AACSB Reflective Thinking | Creation of Value

22. 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?

PTS: 1  REF: pg. 36  NAT: AACSB Analytic | Leadership Principles