# *Organization Theory and Design (Canadian) 4th edition Daft Test Bank*

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Name:_____ Class:_____ Date:_____

## Chapter 1 - Organizations and Organization Theory

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

a. scientific procedures after careful study of individual situations
b. insights of practitioners
c. leadership, motivation, and human resource management
d. management theory

*ANSWER:* a

2. Which statement best describes scientific management?

a. It used scientifically tested methods of motivation to improve organizational performance.
b. It is an outgrowth of the Hawthorne studies, which found that people performed best in an environment of clearly specified, narrow job tasks.
c. It focuses on effectiveness rather than efficiency.
d. It is successful at increasing output, in part through the use of incentive systems.

*ANSWER:* d

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

a. administrative principles
b. scientific management
c. bureaucracy
d. hierarchy

*ANSWER:* c

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

a. administrative principles
b. stakeholder approaches
c. scientific management
d. the Hawthorne studies

*ANSWER:* d

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

a. because of the need to be more socially aware
b. because of quickly shifting customer expectations and environmental changes
c. because markets, technologies, and organizations are increasingly interconnected
d. because organizations are engulfed by information technology that affects how organizations are designed and managed

*ANSWER:* c

6. Which statement best characterizes an organization?

a. It is a goal-directed entity that has members who set goals and achieve them through strategic planning.
b. It is an entity with identifiable permanent boundaries.
c. It is goal-directed social entity that has a deliberately structured activity system and a permeable

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boundary.

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

*ANSWER:* c

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

a. buildings and policies
b. people and their relationships
c. profits
d. facilities location

*ANSWER:* b

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

a. shareholders
b. volunteers
c. charitable organizations
d. employees

*ANSWER:* b

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

a. They create value for owners, customers, and employees.
b. They establish important relationships with the government.
c. They reduce transaction costs.
d. They divide the resources needed for achieving desired goals and outcomes.

*ANSWER:* a

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

a. They increase the challenges of diversity and ethics.
b. They limit innovation.
c. They resist adapting to and the influence of a rapidly changing environment.
d. They produce goods and services that customers want at competitive prices.

*ANSWER:* d

11. Which statement best describes an open system?

a. Outputs are continuously reused in a sustainable cycle of production and consumption.
b. Inputs are received from the environment, transformed, and then returned to the environment.
c. All the energy it needs is contained within itself.
d. Products and services are used to make inputs.

*ANSWER:* b

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

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

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*ANSWER:* a

13. Where do nonprofit organizations usually get their resources?
    a. government grants b. selling shares
    c. investment income d. selling goods and services

*ANSWER:* a

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

*ANSWER:* a

15. Which subsystem would the surgery department in a hospital belong to?
    a. production b. boundary spanning
    c. maintenance d. management

*ANSWER:* a

16. Which of the following is a component of an organizational subsystem?
    a. boundary subsystems responsible for exchanges with the external environment
    b. maintenance subsystems responsible for keeping production facilities in operating order
    c. human subsystems that serve as employees
    d. technical subsystems that become the basis for information processing

*ANSWER:* a

17. What does the term technical core refer to?
    a. computer hardware that runs information processing in the organization
    b. people who do the basic work of the organization, producing product and service outputs
    c. administrators who run the organization
    d. top management who have been promoted from within and thereby know the inner core of organizational processes

*ANSWER:* b

18. Which one of Mintzberg's basic parts of an organization deals with functions such as human resources, organizational development, the employee cafeteria, and maintenance staff?
    a. technical support b. human infrastructure
    c. administrative support d. top management

*ANSWER:* c

19. Which of the following is one of Mintzberg's five basic parts of an organization?
    a. administrative core b. computer infrastructure

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c. top management support d. middle management

*ANSWER:* d

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

a. the technical core b. management

c. human resources d. accounting

*ANSWER:* b

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

a. contextual dimensions b. contingency analysis

c. organizational dynamics d. structural dimensions

*ANSWER:* d

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

a. learning theory b. sequential interdependence

c. formalization d. specialization

*ANSWER:* c

23. What is one of the elements of organizational design?

a. cultural b. management

c. structural d. technological

*ANSWER:* c

24. Which term refers to the degree to which organizational tasks are subdivided into separate jobs?

a. formalization b. specialization

c. professionalism d. centralization

*ANSWER:* b

25. Which term refers to the deployment of people to various functions and departments?

a. professionalization b. specialization

c. personnel ratios d. hierarchy of authority

*ANSWER:* c

26. Which statement best describes contextual and structural dimensions?

a. They represent only the external environment.

b. They are centralization and personnel ratios.

c. They represent only the organizational characteristics.

d. They provide a basis for the measurement and analysis of characteristics that cannot be seen by the casual observer.

*ANSWER:* d

27. Which of the following refers to how the organization actually produces the products and services it

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provides for customers and includes flexible manufacturing, advanced information systems, and the Internet?

a. size of the organization b. organizational technology
c. organizational goals d. organizational culture

*ANSWER:* b

28. What is a contextual, rather than a structural, dimension of an organization?

a. labour force b. culture
c. professionalism d. centralization

*ANSWER:* b

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

a. Larger organizations need to have tight controls at the top.
b. Successful organizations can have very different strategies and goal emphases.
c. A moderate to high level of formalization is crucial to an organization's success.
d. Centralization is necessary in organizations when they face high levels of competition.

*ANSWER:* b

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

a. effectiveness b. efficiency
c. organizational strategy d. stakeholder profitability

*ANSWER:* a

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

a. contextual dimensions b. organizational culture
c. efficiency d. stakeholder approach

*ANSWER:* d

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

a. They cannot measure, predict, or control their environment.
b. Centralized structures help them cope with organizational demands.
c. They do the "thought" work while employees perform the labour.
d. Leadership is based on the thoroughness of written documents.

*ANSWER:* a

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

a. Organizations should be structured loosely.
b. Management structure is determined by the era or times.
c. One thing depends on other things, such as structure depending on environment.
d. Designing and managing organizations is done on an impersonal, rational basis.

*ANSWER:* c

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

a. the latest techniques for solving problems
b. the principles of contingency theory
c. the external environment of the organization
d. the internal environment of the organization

*ANSWER:* b

35. Which statement best describes the learning organization?

a. places a high value on problem solving
b. emphasizes training as the essential value
c. engages people in sessions focused on finding maximum organizational efficiency
d. facilitates better decision-making when the environment is unstable

*ANSWER:* a

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

a. empowerment b. the culture
c. strategy d. the structure

*ANSWER:* b

37. Which statement best describes organizational behaviour?

a. It is a micro approach to organizations, focusing on individuals.
b. It focuses on the whole organization as a unit of analysis.
c. It is an "umbrella" that encompasses the study of organizational theory.
d. It is a subset of organizational theory.

*ANSWER:* a

38. Which statement best describes organizational behaviour?

a. It is the same as the study of organizational theory.
b. It is a macro analysis of the whole organization.
c. It is focused on people, structure, and environment.
d. It is a micro approach focusing on the individual.

*ANSWER:* d

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

a. environmental b. organizational
c. departmental d. individual

*ANSWER:* b

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

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

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

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

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

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

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

47. In the transformation process, “output” deals with financial resources.
    a. True
    b. False

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*ANSWER:* False

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

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

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

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

52. The structural and contextual dimensions describe organizations in much the same way that personality and physical traits describe people.
    a. True
    b. False
*ANSWER:* True

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

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

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

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b. False

*ANSWER:* True

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

*ANSWER:* False

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

*ANSWER:* True

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

*ANSWER:* True

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

*ANSWER:* True

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

*ANSWER:* False

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

*ANSWER:* True

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

*ANSWER:* True

63. Vertical structures promote self-directed teams wherein functions are practically eliminated.
a. True

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b. False

*ANSWER:* False

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

a. True

b. False

*ANSWER:* True

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

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

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

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

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

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

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

*ANSWER:* An organization must reflect, in its design, the degree of diversity in its environment if it is to interact successfully with its environment. Organizations increasingly operate on a global playing field; the workforce, as well as the customer base, is changing dramatically. Many of today's leading organizations have an international face.

69. Identify and describe the seven reasons organizations exist.

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

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

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

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

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

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

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

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

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

74. Identify and describe any two structural dimensions and any two contextual dimensions.

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

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

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

76. Discuss chaos theory.

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

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

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systems, culture, and strategy.

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

78. Compare and contrast traditional organizations and learning organizations.

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

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

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

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

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

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

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

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