Organization Theory &Â Design 13th edition Daft Test Bank

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TRUE/FALSE

1 : The direction-setting process typically begins with the administration and execution of the strategic plan.
A : true
B : false

Correct Answer : B

2 : Operating goals provide direction for day-to-day decisions and activities within departments in an organization.
A : true
B : false

Correct Answer : A

3 : For nonprofit organizations, resource goals might include recruiting dedicated volunteers and expanding the organization’s funding base.
A : true
B : false

Correct Answer : A

4 : In the context of Porter’s strategy model, managers take a more organic, learning approach to organization design with a low-cost leadership strategy.
A : true
B : false

Correct Answer : B

5 : According to Miles and Snow’s strategy typology, the prospector strategy is concerned with stability or even retrenchment.
A : true
B : false

Correct Answer : B

6 : According to Miles and Snow’s strategy typology, the defender strategy can be successful when an organization exists in a declining industry or a stable environment.
A : true
B : false

Correct Answer : A

7 : According to Miles and Snow’s strategy typology, managers have left the organization with no direction and no clear approach to design with a reactor strategy.
A : true
B : false

Correct Answer : A

8 : In the context of the competing values model, the internal process approach considers

external factors while measuring an organization’s health and efficiency.
A : true
B : false

Correct Answer : B

9 : In the context of the competing values model, the stability dimension reflects a management value for learning and change.
A : true
B : false

Correct Answer : B

10 : In the context of the competing values model, the internal process emphasis is more concerned with human resources than with other internal processes that lead to efficiency.
A : true
B : false

Correct Answer : B

MULTIPLE CHOICE

11 : A _____ represents a result or end point toward which organizational efforts are directed.
A : goal
B : strategy
C : resource
D : structure

Correct Answer : A

12 : Which of the following is an internal factor that is examined by top management to study an organization’s effectiveness?
A : Opportunities
B : Weaknesses
C : Uncertainty
D : Resource availability

Correct Answer : B

13 : _____ means that all the organization's energies and resources are directed toward a focused, unifying, and compelling overall goal.
A : Strategic intent
B : The resource-based approach
C : Coalitional management
D : The stakeholder approach

Correct Answer : A

14 : The overall goal for an organization is also called the:
A : operating goal.
B : decision guideline.

C : mission.
D : strategy.

Correct Answer : C

15 : Which of the following describes an organization's shared values and beliefs and its reason for being?
A : Strategy
B : The mission
C : Policy
D : Procedure

Correct Answer : B

16 : _____ refers to what sets an organization apart from others and provides it with a distinctive edge for meeting customer or client needs in the marketplace.
A : Operational plan
B : A social construct
C : The mission statement
D : Competitive advantage

Correct Answer : D

17 : A company's _____ refers to something an organization does especially well in comparison to its competitors.
A : strategic intent
B : mission statement
C : core competence
D : balanced scorecard

Correct Answer : C

18 : _____ goals describe specific measurable outcomes and are often concerned with the short run.
A : Official
B : Visionary
C : Strategic
D : Operating

Correct Answer : D

19 : Which of the following operating goals pertains to the acquisition of needed material and capital from the environment?
A : Resource goals
B : Performance goals
C : Market goals
D : Productivity goals

Correct Answer : A

20 : _____ pertains to the training, promotion, safety, and growth of individuals working in an organization.
A : Market share

B : Innovation
C : Industrial expansion
D : Employee development

Correct Answer : D

21 : _____ goals pertain to internal flexibility and readiness to adapt to unexpected changes in the environment.
A : Market
B : Profitability
C : Innovation
D : Productivity

Correct Answer : C

22 : _____ goals and mission statements describe a value system for an organization and set an overall purpose and vision.
A : Profitability
B : Official
C : Operational
D : Productivity

Correct Answer : B

23 : Phoenix Software has won three international awards for innovative software design in the last five years. Innovation is obviously one of the organization's:
A : strengths.
B : weaknesses.
C : opportunities.
D : threats.

Correct Answer : A

24 : A _____ is a plan for interacting with the competitive environment to achieve organizational goals.
A : vision statement
B : mission statement
C : policy
D : strategy

Correct Answer : D

25 : In the context of Porter's strategy model, a(n) ____ strategy can reduce rivalry with competitors and fight off the threat of substitute products because customers are loyal to a company's brand.
A : low-cost leadership
B : consolidative
C : integration
D : differentiation

Correct Answer : D

26 : In the context of Porter's strategy model, a(n) ____ strategy is concerned primarily with

stability rather than taking risks or seeking new opportunities for innovation and growth.
A : prospector
B : low-cost leadership
C : differentiation
D : innovation

Correct Answer : B

27 : In Miles and Snow's strategy typology, the prospector strategy:
A : attempts to maintain a stable business environment by finding a middle ground between stability and innovation.
B : most closely resembles Porters low-cost leadership strategy.
C : responds to environmental threats in an ad hoc fashion without revealing a clear strategy.
D : seeks innovation or risk taking and is therefore best suited to a dynamic environment.

Correct Answer : D

28 : According to Miles and Snow's strategy typology, the ____ strategy is concerned with stability or retrenchment.
A : defender
B : prospector
C : differentiation
D : innovation

Correct Answer : A

29 : According to Miles and Snow's strategy typology, the ____ strategy tries to maintain a stable business while innovating on the periphery.
A : reactor
B : prospector
C : analyzer
D : defender

Correct Answer : C

30 : Organizational _____ is the degree to which an organization realizes its goals.
A : efficiency
B : adaptability
C : productivity
D : effectiveness

Correct Answer : C

31 : Organizational effectiveness is a _____, meaning that it is created and defined by an individual or group rather than existing independently in the external world.
A : strategic intent
B : core competence
C : competitive advantage
D : social construct

Correct Answer : D

32 : The ____ approach to organizational effectiveness is concerned with the output side and

whether an organization achieves its goals in terms of desired levels of output.
A : goal
B : resource-based
C : analytical
D : internal process

Correct Answer : A

33 : When using the goal approach to effectiveness, it is best to use ____ goals.
A : official
B : operating
C : strategic
D : visionary

Correct Answer : B

34 : The resource-based approach to effectiveness emphasizes the:
A : sales targets of an organization.
B : output of an organization.
C : achievement of profitability.
D : input into an organization.

Correct Answer : D

35 : Which of the following approaches is most likely to be used when one is measuring work climate, group loyalty, and worker-management communication as measures of effectiveness?
A : Quality control approach
B : External process approach
C : Internal process approach
D : Stakeholder approach

Correct Answer : C

36 : The _____ model tries to balance a concern with various parts of an organization rather than focusing on one part.
A : internal process
B : rational goal
C : open systems
D : competing values

Correct Answer : D

37 : The two value dimensions of the competing values model are the:
A : internal and external environment of an organization.
B : low-cost leadership and differentiation strategies.
C : focus and structure of an organization.
D : productivity strategies of an organization.

Correct Answer : C

38 : In the context of the competing values model, a combination of external focus and flexible structure leads to a(n) _____ emphasis where management's primary goals are growth and resource acquisition.

A : rational goal
B : open systems
C : internal process
D : human relations

Correct Answer : B

39 : Jason is employed at Cloover Inc. At Cloover Inc., management's primary goals are increasing the ratio of output to input, using the resources used to produce a unit of output efficiently, and generating more revenue than the expenses. Cloover Inc.'s management values are represented by the _____ emphasis.
A : rational goal
B : open systems
C : internal process
D : human relations

Correct Answer : A

40 : In the context of the competing values model, the primary outcome of the ____ emphasis is a stable organizational setting that maintains itself in an orderly way.
A : rational goal
B : open systems
C : internal process
D : human relations

Correct Answer : C

41 : As the world's supply of oil diminishes and the demand for alternative, renewable energy resources, such as solar and wind power, increases, oil drilling companies are seeing a steep decline in demand for their services. This shift in consumer preferences represents a significant _____ for oil drilling companies.
A : strength
B : weakness
C : opportunity
D : threat

Correct Answer : D

42 : Claire is the purchasing manager for a large manufacturing plant, and it's her responsibility to make sure the plant always has all of the supplies it needs at the right times. Although she's happy with her current set of suppliers, she is researching alternate suppliers, just in case one of her existing suppliers is suddenly unable to deliver the needed materials at the expected times and costs. Claire is engaged in _____ planning.
A : resource
B : scenario
C : alternative
D : organizational

Correct Answer : B

43 : You are the VP of Automotive Design at a major automobile manufacturer. You've been analyzing both the internal and external environments, looking for competitive openings that will allow your organization to remain competitive well into the future. Which of these ideas is most likely to give your organization the competitive advantage it needs?
A : Immediately switching to producing electric vehicles exclusively

B : Enhancing the safety features on your organization's vehicles
C : Rolling out a new selection of trendy paint colors
D : Developing a self-driving vehicle

Correct Answer : D

44 : Quite a few years ago, Performance Plastics, a plastics molding plant, bought the chemical manufacturer that produces the raw materials Performance uses in its products. This means that Performance has immediate access to its materials, spends far less on them, and can be much more efficient in its production, unlike its competitors. Given its core competencies of efficiency and cost savings, what strategy do you think Performance should pursue to become more profitable?
A : Differentiation strategy
B : Low-cost leader strategy
C : Combination differentiation/low-cost leader strategy
D : Global strategy

Correct Answer : B

45 : Paige, an experienced restaurant manager, and her partner Guillermo, an award-winning chef, are planning to open their own restaurant. With more than 20 years of experience between them, the pair are known for producing extraordinary meals in stunning environments. Given their core competencies for quality and customer service, what strategy do you think Paige and Guillermo should pursue with their new restaurant?
A : Differentiation strategy
B : Low-cost leader strategy
C : Combination differentiation/low-cost leader strategy
D : Global strategy

Correct Answer : A

46 : Fifteen years ago, when your father founded a roofing installation business during a construction boom in your region, the new organization had almost more business than it could handle just with new home construction. Now you're in charge of the business. New home construction has dropped off fairly steadily in recent years, although your organization is still considered the leader in your region. As you look to the future, however, you see opportunities to make up for shortfalls by branching out into roofing repair and replacement, and even into the installation of solar panels. Given these circumstances, which of the Miles and Snow strategies do you think you should pursue?
A : Prospector
B : Defender
C : Analyzer
D : Reactor

Correct Answer : C

47 : You've just been hired to run a faltering, family-run toy manufacturing business. The family members who've been managing the organization freely admit they're in over their heads and don't know how to turn around the declining business. You immediately start asking for sales, production, and inventory reports, and you soon discover that the organization has not been tracking any key metrics. Instead, year after year, the design team develops new items, the plant foreman figures out how to produce seemingly random amounts of products, and the marketing and sales team do the best they can to sell as much as they can. Using Miles and Snow's typology, which strategy would you say the organization has been pursuing?
A : Prospector
B : Defender
C : Analyzer
D : Reactor

Correct Answer : D

48 : You've just been named the new operations manager for Precision-Made Auto Parts, and you couldn't be happier. This organization is considered to be one of the most reliable producers of standardized small parts used in the production of engines for all types of vehicles. The organization has an average of 15 steady clients whose orders keep the plant, which runs like a well-oiled machine, producing parts 24/7. Given the circumstances, which of Miles and Snow's strategies would be best for your organization?
A : Prospector
B : Defender
C : Analyzer
D : Reactor

Correct Answer : B

49 : You and your best friend from high school have always been into fashion. Now that you've earned your degree in business and she's earned her degree in fashion design, you'd like to start your own clothing design and manufacturing organization. You both know it'll be essential for your products to be constantly changing so you can deliver "the next big thing." Which of the Miles and Snow strategies is right for your organization?
A : Prospector
B : Defender
C : Analyzer
D : Reactor

Correct Answer : A

50 : GoLow.com, a budget travel website, was founded three years ago with a handful of employees. In the early days, there were no managers, and teams of employees would form organically to work on projects together. Communication flowed freely throughout the organization. Fortunately, the organization's innovative business model has been a huge hit, and the organization has grown dramatically to 300 employees to accommodate its operations. But there have been some issues with the way things have continued to operate. Employees frequently complain that they're not kept informed of key decisions, and there have been a number of occasions of wasted duplicate efforts. Which contingency factor most needs to be addressed in a redesign of the organization?
A : Technology
B : Culture
C : Environment
D : Strategy

Correct Answer : B

51 : Midland Savings & Loan was once a small but thriving banking organization in the Midwest with about 30 branches. It was a tightly structured organization, and all employees knew their roles and were well-trained to do their jobs. Occasionally, upper management would respond to customer requests by making a small change in operations or developing a new product, but no one was formally assigned to develop innovations. Over time, the bank's customers dwindled, and the bank has just announced it will be closing its doors. Which contingency factor should have been addressed earlier in this organization?
A : Size
B : Culture
C : Environment
D : Strategy

Correct Answer : C

52 : Along with several other members of the upper management team, you've just completed an assessment of

your organization's manufacturing plant. To meet demand for product, the group has determined that the plant must operate at a minimum of 75% capacity for at least 250 working days each year with no more than a total of 50 hours of down time due to accidents or other disruptions. The plant must produce 20,000 parts annually, with a cap of 2.5% of parts rejected after inspection. What approach should your team use to measure effectiveness of plant operations?
A : Goal approach
B : Resource-based approach
C : Internal process approach
D : Strategic constituents approach

Correct Answer : A

53 : As the Executive Director of Explore the Arts, a nonprofit organization, you've spent years developing close connections with artists in your area, as well as with the wealthier residents in the region. Once a year, you invite the artists to create works of art on a unique theme. The artwork is then auctioned off at a black-tie gala, and the proceeds go to fund arts education in local schools. Which approach should you use to measure the effectiveness of your fundraising approach?
A : Goal approach
B : Resource-based approach
C : Internal process approach
D : Strategic constituents approach

Correct Answer : B

54 : As the new production manager of a small manufacturing plant in Tennessee, you've been charged with making beneficial changes to the production line. After interviewing nearly all of the workers, you've developed a number of ideas for improving employee satisfaction with internal jobs, reducing turnover, and minimizing the number of on-the-job injuries. Additionally, these changes should increase productivity and reduce waste. Once you've implemented these changes, which approach should you use to measure their effectiveness?
A : Goal approach
B : Resource-based approach
C : Internal process approach
D : Strategic constituents approach

Correct Answer : C

55 : When you were first offered the job as the new CEO of a large grocery store chain a few months ago, you weren't sure if you should take it. The organization does not have a good reputation in general, and poor performance is reflected in falling stock prices. However, after studying the organization, you have a lot of ideas for improving the products, services, and the stores themselves that you feel confident will boost sales, increase customer satisfaction, and enhance employee morale. Eventually, you expect to see improvements in the stock prices, which should make the organization's investors happier, too. Which is the best approach for you to use in measuring the effectiveness of your changes?
A : Goal approach
B : Resource-based approach
C : Internal process approach
D : Strategic constituents approach

Correct Answer : D

ESSAY

56 : Explain the role of top management in an organization and why it is important.

Correct Answer : Top executives decide the end purpose an organization will strive for and determine the direction it will take to accomplish it. It is this purpose and direction that shapes how the organization is designed and managed. The primary responsibility of top management is to determine an organization's goals, strategy, and design, thereby adapting the organization to a changing environment. The direction-setting process typically begins with an assessment of the opportunities and threats in the external environment, including the amount of change, uncertainty, and resource availability. Top managers also assess internal strengths and weaknesses to define the company's distinctive competence compared with other firms in the industry. This competitive analysis of the internal and external environments is one of the central concepts in strategic management.

57 : Briefly explain an organization's mission.

Correct Answer : The overall goal for an organization is often called the mission—the organization's reason for existence. The mission describes the organization's shared values and beliefs and its reason for being. The mission is sometimes called the official goals, which refers to the formally stated definition of business scope and outcomes the organization is trying to achieve. Official goal statements typically define business operations and may focus on values, markets, and customers that distinguish the organization.Whether called a mission statement or official goals, the organization's general statement of its purpose and philosophy is often written down in a policy manual or the annual report. One of the primary purposes of a mission statement is to serve as a communication tool. The mission statement communicates to current and prospective employees, customers, investors, suppliers, and competitors what the organization stands for and what it is trying to achieve. A mission statement communicates legitimacy to internal and external stakeholders, who may join and be committed to the organization because they identify with its stated purpose and values. Most top leaders want employees, customers, competitors, suppliers, investors, and the local community to look on the organization in a favorable light, and the concept of legitimacy plays a critical role.

58 : Briefly explain operating goals. List the various operating goals in an organization.

Correct Answer : An organization's mission and overall goals provide a basis for developing more specific operating goals. Operating goals designate the ends sought through the actual operating procedures of the organization and explain what the organization is actually trying to do. Operating goals describe specific measurable outcomes and are often concerned with the short run. Operating goals typically pertain to the primary tasks an organization must perform. Specific goals for each primary task provide direction for the day-to-day decisions and activities within departments.Typical operating goals that define what an organization is trying to accomplish include performance goals, resource goals, market goals, employee development goals, productivity goals, and goals for innovation and change.

59 : Compare and contrast Michael E. Porter's two main types of strategies described in the text.

Correct Answer : Michael E. Porter defined two basic strategies: the differentiation strategy and the low-cost leadership strategy. Both strategies can vary in scope from broad to narrow. Organizations using the differentiation strategy attempt to distinguish their products or services from others in the industry. Managers may use advertising, distinctive product features, exceptional service, or new technology to achieve a product or service perceived as unique. This strategy usually targets customers who are not particularly concerned with price, so it can be quite profitable, although it can also be a costly strategy to pursue. Differentiation often creates loyal customers. Organizations using the low-cost leadership strategy compete on price. With this strategy, organizations aggressively seek efficient facilities, pursue cost reductions,

and use tight controls to produce products or services more efficiently than competitors. Low-cost leaders avoid risk and rarely seek out new opportunities.

60 : Naveen has an opportunity to buy an older, somewhat rundown hotel located in a beach resort town on the Oregon coast. Explain how he could apply each of Porter's two basic strategies to create a profitable business.

Correct Answer : Michael E. Porter studied a number of business organizations and proposed that managers can make an organization more profitable and less vulnerable by adopting either a differentiation strategy or a low-cost leadership strategy. Both of these options are available to Naveen. If he adopted the differentiation strategy, he would want to invest in dramatically upgrading and updating the hotel. He would also want to ensure the hotel offers unique amenities that travelers find desirable. This approach would allow him to charge premium prices to luxury-minded travelers. Alternatively, he could choose the low-cost leader approach. He could redesign the hotel with simple, streamlined rooms and few amenities so that the hotel can be operated efficiently at a low cost. This approach would allow him to attract the budget-conscious traveler.

61 : Describe Miles and Snow's strategy typology.

Correct Answer : The Miles and Snow typology is based on the idea that managers seek to formulate strategies that will be congruent with the external environment. Organizations strive for a fit among internal organization characteristics, strategy, and the external environment. The four strategies that can be developed are the prospector, the defender, the analyzer, and the reactor.? Prospector: The prospector strategy is to innovate, take risks, seek out new opportunities, and grow. This strategy is suited to a dynamic, growing environment, where creativity is more important than efficiency.? Defender: The defender strategy is almost the opposite of the prospector. Rather than taking risks and seeking out new opportunities, the defender strategy is concerned with stability or even retrenchment.? Analyzer: The analyzer tries to maintain a stable business while innovating on the periphery. It seems to lie midway between the prospector and the defender.? Reactor: The reactor strategy is not really a strategy at all. Rather, reactors respond to environmental threats and opportunities in an ad hoc fashion. With a reactor strategy, top management has not defined a long-range plan or given the organization an explicit mission or goal, so the organization takes whatever actions seem to meet immediate needs.

62 : Describe the goal approach to measure effectiveness.

Correct Answer : The goal approach to effectiveness consists of identifying an organization's output goals and assessing how well the organization has attained those goals. This is a logical approach because organizations do try to attain certain levels of output, profit, or client satisfaction.Indicators tracked with the goal approach include:? Profitability—the positive gain from business operations or investments after expenses are subtracted.? Market share—the proportion of the market the firm is able to capture relative to competitors.? Growth—the ability of the organization to increase its sales, profits, or client base over time.? Social responsibility—how well the organization serves the interests of society as well as itself.? Product quality—the ability of the organization to achieve high quality in its products or services.

63 : Explain the resource-based approach to measure effectiveness. List the various indicators that can be tracked with the resource-based approach.

Correct Answer : The resource-based approach looks at the input side of the transformation process. It assumes organizations must be successful in obtaining and managing valued resources in order to be effective because strategically valuable resources give an organization

a competitive edge. From a resource-based perspective, organizational effectiveness is defined as the ability of the organization, in either absolute or relative terms, to obtain scarce and valued resources and successfully integrate and manage them.In a broad sense, resource indicators of effectiveness encompass the following dimensions:? Bargaining position—the ability of the organization to obtain from its environment scarce and valued resources, including tangible resources such as a prime location, financing, raw materials, and quality employees, and intangible assets such as a strong brand or superior knowledge.? The abilities of the organization's decision makers to perceive and correctly interpret the real properties of the external environment and supply forces.? The abilities of managers to use tangible (e.g., supplies, people) and intangible? (e.g., knowledge, corporate culture) resources and capabilities in day-to-day organizational activities to achieve superior performance.? The ability of the organization to respond to changes in resource sectors of the environment.

64 : Write a brief note on the internal process approach.

Correct Answer : In the internal process approach, effectiveness is measured as internal organizational health and efficiency. An effective organization has a smooth, well-oiled internal process. Employees are happy and satisfied. Department activities mesh with one another to ensure high productivity. This approach does not consider the external environment. The important element in effectiveness is what the organization does with the resources it has, as reflected in internal health and efficiency.Internal process indicators include:? A strong, adaptive corporate culture and positive work climate? Confidence and trust between employees and management? Operational efficiency, such as using minimal resources to achieve outcomes? Undistorted horizontal and vertical communication? Growth and development of employees? Coordination among the organization's parts, with conflicts resolved in the interest of the larger organization

65 : In the context of the competing values model, explain the four approaches to effectiveness values.

Correct Answer : The combination of dimensions provides four approaches to organizational effectiveness, which, though seemingly different, are closely related. In real organizations, these competing values can and often do exist together. Each approach reflects a different management emphasis with respect to structure and focus.A combination of external focus and flexible structure leads to an open systems emphasis. Management's primary goals are growth and resource acquisition. The organization accomplishes these goals through the subgoals of flexibility, readiness, and a positive external evaluation.The rational goal emphasis represents management values of structural control and external focus. The primary goals are productivity, efficiency, and profit. The organization wants to achieve output goals in a controlled way. Subgoals that facilitate these outcomes are internal planning and goal setting, which are rational management tools.The internal process emphasis reflects the values of internal focus and structural control. The primary outcome is a stable organizational setting that maintains itself in an orderly way. Organizations that are well established in the environment and simply want to maintain their current position would reflect this emphasis. Subgoals include mechanisms for efficient communication, information management, and decision making.The human relations emphasis incorporates the values of an internal focus and a flexible structure. Here, management concern is for the development of human resources. Employees are given opportunities for autonomy and development. Management works toward the subgoals of cohesion, morale, and training opportunities. Organizations adopting this emphasis are more concerned with employees than with the environment.