

Chapter 8—Management, Leadership, and the Internal Organization

MATCHING

Complete the following using the terms listed.

- a. corporate culture
 - b. Management
 - c. organization
 - d. strategic planning
 - e. departmentalization
 - f. vision
 - g. delegation
 - h. matrix
 - i. span of management
 - j. objectives
 - k. centralization
 - l. chain of command
 - m. SWOT analysis
 - n. contingency planning
 - o. non-programmed decision
 - p. autocratic leaders
 - q. free-rein leaders
 - r. mission statement
 - s. competitive differentiation
 - t. operational planning
1. _____ is the process of achieving organizational objectives through people and other resources.
 2. _____ determines the primary objectives of an organization, and then acting and allocating resources to achieve those objectives.
 3. The perception of marketplace needs and methods an organization can use to satisfy them is referred to as _____.
 4. _____, or project management, links employees from different parts of the organization to work together on specific projects.
 5. Guideposts by which managers define the organization's desired performance in such areas as profitability, customer service, growth, and employee satisfaction are referred to as _____.
 6. A company that emphasizes _____ retains decision making at the top of the management hierarchy.
 7. A(n) _____ is an organized approach to assessing a company's internal strengths and weaknesses and its external opportunities and threats.
 8. An organization's system of principles, beliefs, and values is called _____.
 9. A(n) _____ is a structured grouping of people working together to achieve common goals.
 10. _____ is the process of dividing work activities into units within the organization.
 11. The act of assigning activities to subordinates is called _____.
 12. The number of subordinates a manager supervises is referred to as the _____.
 13. _____ is the set of relationships that indicates who gives direction to whom and who reports to whom.
 14. _____ allows a firm to resume operations quickly and smoothly after a crisis, while openly communicating with the public.
 15. People who make decisions on their own without consulting subordinates are _____.
 16. Determining the unique combination of a company's abilities and approaches is called _____.
 17. A(n) _____ involves a complex and unique problem or opportunity with important consequences for the organization.
 18. A(n) _____ is a written explanation of an organization's business intentions and aims.

19. People who believe in minimal supervision of subordinates are ____.
 20. ____ creates the detailed standards that guide implementation of tactical plans. This includes choosing specific work targets and assigning employees to carry out plans.
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- | | | |
|---------------------|--------|-------------------------------------|
| 1. ANS: B | DIF: 2 | REF: What Is Management? |
| NAT: AACSB Analytic | | MSC: KN |
| 2. ANS: D | DIF: 2 | REF: Importance of Planning |
| NAT: AACSB Analytic | | MSC: KN |
| 3. ANS: F | DIF: 2 | REF: What Is Management? |
| NAT: AACSB Analytic | | MSC: KN |
| 4. ANS: H | DIF: 2 | REF: Organizational Structures |
| NAT: AACSB Analytic | | MSC: KN |
| 5. ANS: J | DIF: 2 | REF: The Strategic Planning Process |
| NAT: AACSB Analytic | | MSC: KN |
| 6. ANS: K | DIF: 2 | REF: Organizational Structures |
| NAT: AACSB Analytic | | MSC: KN |
| 7. ANS: M | DIF: 2 | REF: The Strategic Planning Process |
| NAT: AACSB Analytic | | MSC: KN |
| 8. ANS: A | DIF: 2 | REF: Corporate Culture |
| NAT: AACSB Analytic | | MSC: KN |
| 9. ANS: C | DIF: 2 | REF: Organizational Structures |
| NAT: AACSB Analytic | | MSC: KN |
| 10. ANS: E | DIF: 2 | REF: Organizational Structures |
| NAT: AACSB Analytic | | MSC: KN |
| 11. ANS: G | DIF: 2 | REF: Organizational Structures |
| NAT: AACSB Analytic | | MSC: KN |
| 12. ANS: I | DIF: 2 | REF: Organizational Structures |
| NAT: AACSB Analytic | | MSC: KN |
| 13. ANS: L | DIF: 2 | REF: Organizational Structures |
| NAT: AACSB Analytic | | MSC: KN |
| 14. ANS: N | DIF: 2 | REF: Importance of Planning |
| NAT: AACSB Analytic | | MSC: KN |
| 15. ANS: P | DIF: 2 | REF: Managers as Leaders |
| NAT: AACSB Analytic | | MSC: KN |
| 16. ANS: S | DIF: 2 | REF: The Strategic Planning Process |
| NAT: AACSB Analytic | | MSC: KN |
| 17. ANS: O | DIF: 2 | REF: Managers as Decision Makers |
| NAT: AACSB Analytic | | MSC: KN |
| 18. ANS: R | DIF: 2 | REF: The Strategic Planning Process |
| NAT: AACSB Analytic | | MSC: KN |
| 19. ANS: Q | DIF: 2 | REF: Managers as Leaders |
| NAT: AACSB Analytic | | MSC: KN |
| 20. ANS: T | DIF: 2 | REF: Importance of Planning |
| NAT: AACSB Analytic | | MSC: KN |

ESSAY

1. Identify each layer of management and explain its corresponding functions.

ANS:

The management pyramid is made up of three layers: top, middle, and supervisory managers. Top managers make key decisions, such as the vision of the corporation or whether or not to purchase a new company or products. Middle management directs and implements these key decisions. Supervisors are responsible for day-to-day decisions and for assigning non-managerial people their work schedules and evaluating their performance.

DIF: 3 REF: What is Management?
NAT: AACSB Analytic MSC: KN

2. Describe the three skills necessary for managerial success.

ANS:

The three basic skills are human skills, technical skills, and conceptual skills. Human skills are needed at all levels of management and allow managers to work effectively with and through people. These skills include leadership, motivation, and communication. Technical skills are most critical for first-line supervisors since they interact with non-managerial employees who must operate and explain machinery and computers. Conceptual skills are particularly important for top management who must develop long-range plans for the future. It allows them to see the overall importance of each function of the company.

DIF: 3 REF: What Is Management?
NAT: AACSB Communication MSC: KN

3. Explain the role of vision and ethical standards in business success.

ANS:

Vision is the ability to perceive the needs of the marketplace and develop methods for satisfying those needs. Vision helps new businesses pinpoint the actions needed to take advantage of opportunities. In an existing firm, a clear vision of company purpose helps unify the actions of separated divisions, keeps customers satisfied, and sustains growth. Setting high ethical standards helps a firm survive and be successful over the long term. Behaving ethically places an organization's constituents -- those to whom it is responsible -- at the top of its priorities. It also goes beyond avoiding wrongdoing to encouraging, motivating, and inspiring employees.

DIF: 2 REF: Setting a Vision and Ethical Standards NAT: AACSB Reflective Thinking
MSC: AP

4. List the four types of planning in order from the general to the most specific.

ANS:

The four types of planning are strategic planning, tactical planning, operational planning, and contingency planning.

DIF: 1 REF: Importance of Planning NAT: AACSB Analytic
MSC: KN

5. How does strategic planning differ from tactical planning? Give an example of each type of planning.

ANS:

Strategic planning is the most far-reaching level of planning. It is the process of determining the primary objectives of the organization and then acting and allocating resources to achieve those objectives. PepsiCo's decision to sell its fast-food restaurants and concentrate on soft drinks and snack foods was the result of a strategic planning process. Tactical planning, by contrast, involves implementing the activities specified by strategic plans. Tactical plans guide the current and near-term activities required to implement overall strategies. An example of tactical planning is PepsiCo's efforts to build sales by using displays that place snack foods and drinks side by side.

DIF: 3
MSC: AP

REF: Importance of Planning

NAT: AACSB Reflective Thinking

6. Describe contingency planning and its two components.

ANS:

Contingency planning is preparing for unexpected events such as accidents, natural disasters, or sudden, severe economic downturns. Contingency planning allows a firm to resume operations quickly and smoothly after a crisis, while openly communicating with the public about the event. This planning activity involves two components: business continuation and public communication.

DIF: 2
MSC: KN

REF: Importance of Planning

NAT: AACSB Analytic

7. List in order the steps involved in the strategic planning process.

ANS:

In order, the steps are: (1) define the company's mission; (2) assess the company's competitive position; (3) set organizational objectives; (4) create strategies for competitive differentiation; (5) implement the strategy into action; and, (6) evaluate results and refine the plan.

DIF: 2
MSC: KN

REF: The Strategic Planning Process

NAT: AACSB Analytic

8. Define SWOT analysis and explain its purpose in the strategic planning process.

ANS:

SWOT is an acronym for strengths, weaknesses, opportunities, and threats. SWOT analysis is one method of assessing a company's competitive position. Strengths and weaknesses can be examined in each area of the company including finance, marketing, information technology, and human resources. Opportunities and threats include market growth, regulatory changes, and increased competition. SWOT analysis is useful in the strategic planning process because it forces management to look at factors both inside and outside the organization. SWOT analysis examines not only the current picture, but also necessary actions to prepare for likely future developments.

DIF: 3
NAT: AACSB Reflective Thinking

REF: The Strategic Planning Process

MSC: AP

9. Describe competitive differentiation. What are some common sources?

ANS:

Competitive differentiation is the unique combination of a company's abilities and approaches that sets it apart from the competition. The common sources of competitive differentiation include product innovation, technology, and employee motivation.

DIF: 2

REF: The Strategic Planning Process

NAT: AACSB Analytic

MSC: KN

10. Distinguish between programmed decisions and non-programmed decisions.

ANS:

Because programmed decisions are simple and common and recur frequently, rules and policies can be established to eliminate the time-consuming process of identifying and evaluating alternatives, as well as making new decisions each time a programmed situation occurs. By using rule and procedures to save time with programmed decisions, managers can devote more of their time to more complex non-programmed decisions.

DIF: 2 REF: Managers as Decision Makers
NAT: AACSB Analytic MSC: KN

11. List the steps involved in the decision-making process.

ANS:

The decision-making process begins when someone recognizes a problem or opportunity, develops potential courses of action to solve the problem, evaluates the alternatives, selects and implements one of them, and assesses the outcome of the decision.

DIF: 2 REF: Managers as Decision Makers NAT: AACSB Analytic
MSC: KN

12. Define leadership. What are some traits found in many great leaders?

ANS:

Leadership is defined as the ability to direct or inspire people to attain organizational goals. While great leaders don't share all of the same qualities, there are three common traits that many share. These are empathy (the ability to imagine oneself in another's position), self-awareness, and objectivity in dealing with others. Other common traits found in great leaders include courage, the ability to inspire others, passion, commitment, flexibility, innovation, and a willingness to experiment.

DIF: 2 REF: Managers as Leaders NAT: AACSB Analytic
MSC: AP

13. Distinguish between autocratic, democratic, and free-rein leadership.

ANS:

Autocratic leaders make decisions on their own without consulting employees. They reach decisions, communicate them to subordinates, and expect prompt implementation of instructions. In the middle is democratic leadership, which involves subordinates in the decision-making process. Democratic leaders are willing to delegate assignments, ask employees for suggestions, and encourage participation. At the other extreme are free-rein leaders who believe in minimal supervision, leaving most decisions to their subordinates. A free-rein leader communicates with employees frequently, as the situation warrants.

DIF: 3 REF: Managers as Leaders NAT: AACSB Reflective Thinking
MSC: AP

14. Define corporate culture. How is corporate culture shaped in an organization?

ANS:

Corporate culture is the shared principles, beliefs, and values supported by top management down through the organization. It is typically shaped by the founding leaders and passed from generation to generation, either informally or formally, and may be incorporated into employee training.

DIF: 2
MSC: KN

REF: Corporate Culture NAT: AACSB Analytic

15. List the major forms of departmentalization and explain how management decides which form or forms to use.

ANS:

The five major forms of departmentalization are product, geography, customer, function, and process. In determining which form to use, managers consider the type of product they produce, the size of their company, their customer base, and the locations of their customers.

DIF: 3
MSC: AP

REF: Organizational Structures

NAT: AACSB Reflective Thinking

16. What is meant by "span of management?" Is the growing trend toward a narrow or wide span of management? Why?

ANS:

Span of management also known as span of control refers to the number of subordinates a manager directly supervises. These subordinates are often referred to as direct reports. In recent years, a growing trend has brought wider spans of control, as companies have reduced their layers of management in order to flatten their organizational structures. In this process, they increase the decision-making responsibility they give employees.

DIF: 3
MSC: AP

REF: Organizational Structures

NAT: AACSB Reflective Thinking

17. Compare the four types of organizational structures.

ANS:

The line organization establishes a direct flow of authority, known as a chain of command. This organization is effective only for the smallest businesses. Conversely, a line-and-staff organization combines the direct flow of authority of a line organization with supporting staff departments. The third organizational structure is the committee organization, which places authority with a group of individuals rather than a single manager. Finally, the matrix structure links employees from different parts of the organization to work together on specific projects.

DIF: 3
NAT: AACSB Reflective Thinking

REF: Organizational Structures

MSC: AP

MULTIPLE CHOICE

1. Management is the process of achieving _____ through people and other resources.
- a. Profits
 - b. Status
 - c. organizational objectives
 - d. societal objectives

ANS: C

DIF: 1

REF: What Is Management?

NAT: AACSB Analytic

MSC: KN

2. Lupe's job duties include such tasks as deciding whether or not to introduce a new product or enter a new foreign market. Lupe is most likely a member of _____ management.
- Middle
 - Top
 - Supervisory
 - Line

ANS: B

DIF: 2

REF: What Is Management?

NAT: AACSB Reflective Thinking

MSC: AP

3. Which level of management is responsible for developing detailed procedures in order to implement the firm's strategic plans?
- Staff management
 - Top management
 - Middle management
 - Supervisory management

ANS: C

DIF: 2

REF: What Is Management?

NAT: AACSB Analytic

MSC: KN

4. Jackie is a manager who spends most of her time in day-to-day decisions assigning non-managerial employees to specific jobs. Jackie is considered a _____ manager.
- Staff
 - Supervisory
 - mid-level
 - Technical

ANS: B

DIF: 2

REF: What Is Management?

NAT: AACSB Reflective Thinking

MSC: AP

5. As someone moves up the managerial hierarchy, which skills become relatively less important?
- Technical skills
 - Human skills
 - Conceptual skills
 - Supervisory skills

ANS: A

DIF: 2

REF: What Is Management?

NAT: AACSB Reflective Thinking

MSC: AP

6. Most top executives began their careers as which type of expert?
- Technical
 - Financial
 - Human relations
 - Marketing

ANS: A

DIF: 2

REF: What Is Management?

NAT: AACSB Analytic

MSC: KN

7. First-line managers interact continuously with members of the work team. Therefore, they must possess effective _____ skills.
- Conceptual
 - Technical
 - Visionary

d. Human

ANS: D

DIF: 2

REF: What Is Management?

NAT: AACSB Reflective Thinking

MSC: AP

8. Human skills involve _____.
a. directing and controlling operations
b. understanding knowledge and tools of a specific discipline
c. leading and motivating workers
d. seeing the organization as a unified whole

ANS: C

DIF: 2

REF: What Is Management?

NAT: AACSB Communication

MSC: KN

9. When Carla instructs new employees on handling customer complaints, she motivates them to respond with patience and a positive attitude. Carla has effective _____ skills.
a. conceptual
b. visionary
c. intuitive
d. human

ANS: D

DIF: 2

REF: What Is Management?

NAT: AACSB Communication

MSC: AP

10. Tate, president of Progressive Graphics, is highly respected for his ability to analyze and interpret trends in the rapidly changing graphics industry. Tate has effective _____ skills.
a. human relations
b. technical
c. conceptual
d. supervisory

ANS: C

DIF: 2

REF: What Is Management?

NAT: AACSB Reflective Thinking

MSC: AP

11. Hasim is a bank manager who believes his bank should expand nationally for greater profit and efficiency. Hasim is using his _____ skills.
a. supervisory
b. conceptual
c. human
d. technical

ANS: B

DIF: 2

REF: What Is Management?

NAT: AACSB Reflective Thinking

MSC: AP

12. Conceptual skills are _____.
a. not as important at the top management level
b. very important for supervisors
c. skills that allow a person to understand how all the pieces of an organization fit together to accomplish its objectives
d. very important in understanding human motivation

ANS: C

DIF: 3

REF: What Is Management?

NAT: AACSB Analytic

MSC: KN

13. Which of the four functions of management creates a well-designed road map of the actions needed to lead a company forward?

- a. Organizing
- b. Directing
- c. Controlling
- d. Planning

ANS: D

DIF: 2

REF: What Is Management?

NAT: AACSB Analytic

MSC: KN

14. Damien is working on a project where he needs to anticipate future events and conditions, as well as avoid costly mistakes. Damien is engaged in the _____ managerial function.
- a. controlling
 - b. planning
 - c. organizing
 - d. directing

ANS: B

DIF: 2

REF: What Is Management?

NAT: AACSB Reflective Thinking

MSC: AP

15. Rosetta classifies and divides work into manageable units by determining the specific tasks necessary to introduce a new product. Rosetta is involved in the _____ managerial function.
- a. planning
 - b. organizing
 - c. directing
 - d. controlling

ANS: B

DIF: 2

REF: What Is Management?

NAT: AACSB Reflective Thinking

MSC: AP

16. Marcus is responsible for guiding and motivating 10 other employees to accomplish various organizational objectives. Marcus handles the _____ managerial function.
- a. planning
 - b. organizing
 - c. directing
 - d. controlling

ANS: C

DIF: 2

REF: What Is Management?

NAT: AACSB Reflective Thinking

MSC: AP

17. Ramon's job is to establish performance standards, monitor actual performance, and compare actual performance to the standards. Ramon is engaged in the _____ managerial function.
- a. organizing
 - b. directing
 - c. controlling
 - d. planning

ANS: C

DIF: 2

REF: What Is Management?

NAT: AACSB Reflective Thinking

MSC: AP

18. _____ is a perception of marketplace needs and the methods an organization can use to satisfy them.
- a. Vision
 - b. Strategic planning
 - c. Strategic management
 - d. The organizing function

ANS: A

DIF: 1

REF: Setting a Vision and Ethical Standards for the Firm

19. Kiki strongly believes that college students need credit counseling, so she begins a not-for-profit organization devoted to this need. Kiki is exhibiting _____.
a. strategic planning
b. the organizing function of management
c. vision
d. strategic management

ANS: C

DIF: 2

REF: Setting a Vision and Ethical Standards for the Firm

NAT: AACSB Reflective Thinking

MSC: AP

20. What is the first step toward an organization's path to success?
a. Financial plan
b. Vision
c. Strategic plan
d. Hiring the best people

ANS: B

DIF: 2

REF: Setting a Vision and Ethical Standards for the Firm

NAT: AACSB Analytic

MSC: KN

21. Generally, which type of manager needs vision the most?
a. Supervisory managers
b. Staff managers
c. Middle managers
d. Members of top management

ANS: D

DIF: 1

REF: Setting a Vision and Ethical Standards for the Firm

NAT: AACSB Reflective Thinking

MSC: AP

22. Vision should be _____ and _____.
a. rigid; focused
b. rigid; broad
c. focused; flexible
d. flexible; broad

ANS: C

DIF: 3

REF: Setting a Vision and Ethical Standards for the Firm

NAT: AACSB Analytic

MSC: KN

23. _____ planning is the most general and far-reaching type of planning.
a. Tactical
b. Strategic
c. Contingency
d. Operational

ANS: B

DIF: 1

REF: Importance of Planning

NAT: AACSB Analytic

MSC: KN

24. Which type of planning determines the primary objectives of an organization, and then acts and allocates resources to achieve those objectives?
a. Tactical planning
b. Strategic planning
c. Contingency planning
d. Operational planning

ANS: B

DIF: 1

REF: Importance of Planning

NAT: AACSB Analytic

MSC: KN

25. A petroleum refinery stockpiles crude oil so that it can easily switch between producing home heating oil and gasoline, depending on relative demand. This is an example of _____ planning.
- tactical
 - strategic
 - contingency
 - operational

ANS: B

DIF: 2

REF: Importance of Planning

NAT: AACSB Reflective Thinking

MSC: AP

26. By creating a needed flight schedule between St. Louis and Chicago, Southwest Airlines was using _____ planning to complete its goals.
- contingency
 - strategic
 - operational
 - tactical

ANS: D

DIF: 2

REF: Importance of Planning

NAT: AACSB Reflective Thinking

MSC: AP

27. Which of the following decisions was NOT directly the result of a company's strategic planning?
- AOL's decision to merge with Time Warner
 - Pepsi's decision to sell its fast-food restaurants and focus on soda and snack foods
 - The decision by Amazon.com to expand its product offerings beyond books and music
 - Jet Blue Airlines' decision to add service to Oakland, California

ANS: D

DIF: 2

REF: Importance of Planning

NAT: AACSB Reflective Thinking

MSC: AP

28. When Walt Disney Pictures partnered with Pixar Animation Studios, they were using _____ planning to compete in the animated films market.
- operational
 - contingency
 - tactical
 - strategic

ANS: C

DIF: 2

REF: Importance of Planning

NAT: AACSB Reflective Thinking

MSC: AP

29. When a glucose monitor company advertises in *Diabetes Forecast* magazine, they are using _____ planning to reach the sole consumers of its product.
- operational
 - tactical
 - strategic
 - contingency

ANS: B

DIF: 2

REF: Importance of Planning

NAT: AACSB Reflective Thinking

MSC: AP

30. _____ planning involves choosing specific work targets and assigning employees and teams to carry out plans.
- Strategic
 - Operational

- c. Contingency
- d. Tactical

ANS: B PDIF: 1

REF: Importance of Planning

NAT: AACSB Analytic

MSC: KN

31. Nearly a week before Hurricane Katrina reached New Orleans, Wal-Mart began moving trucks and supplies into position, as specified in the company's _____ plan.
- a. tactical
 - b. strategic
 - c. operational
 - d. contingency

ANS: D DIF: 2

REF: Importance of Planning

NAT: AACSB Reflective Thinking

MSC: AP

32. Minnesota & Iowa Railway has plans in place to reroute trains in the event that floods or other natural disasters close some of the railroad's tracks. This is an example of _____ planning.
- a. contingency
 - b. tactical
 - c. strategic
 - d. operational

ANS: A DIF: 2

REF: Importance of Planning

NAT: AACSB Reflective Thinking

MSC: AP

33. A home furnishing store issued a recall notice about a vase that easily cracks. Before the notice was publicly issued, the company had assembled a crisis management team to enact a(n) _____ plan.
- a. tactical
 - b. contingency
 - c. strategic
 - d. operational

ANS: B DIF: 2

REF: Importance of Planning

NAT: AACSB Reflective Thinking

MSC: AP

34. Senior management usually spends the majority of their time on _____ plans.
- a. tactical
 - b. contingency
 - c. strategic
 - d. operational

ANS: C DIF: 2

REF: Importance of Planning

NAT: AACSB Analytic

MSC: KN

35. Tactical planning is primarily the responsibility of _____.
- a. top managers
 - b. middle managers
 - c. supervisory managers
 - d. the CEO

ANS: B DIF: 2

REF: Importance of Planning

NAT: AACSB Analytic

MSC: KN

36. What is the first step in the strategic planning process?
- a. Create a mission statement.

- b. Monitor and adapt plans.
- c. Assess competitive position.
- d. Develop strategies for reaching objectives.

ANS: A DIF: 2 REF: The Strategic Planning Process
NAT: AACSB Analytic MSC: KN

37. A written explanation of an organization's business intentions and aims is called a(n) _____.
a. SWOT analysis
b. strategy for competitive differentiation
c. objective
d. mission statement

ANS: D DIF: 1 REF: The Strategic Planning Process
NAT: AACSB Analytic MSC: KN

38. Mario is part of a strategic planning team. He has identified that his company is the low-cost producer in its industry. This should be listed on a SWOT analysis as a (n) _____.
a. opportunity
b. weaknesses
c. strength
d. threat

ANS: C DIF: 2 REF: The Strategic Planning Process
NAT: AACSB Reflective Thinking MSC: AP

39. Julian owns a bread company and is creating a SWOT analysis to see where he can make improvements and increase sales. All of the following are threats to the success of his company EXCEPT _____.
a. economies of scale
b. downward markets
c. regulatory changes
d. enhanced competition

ANS: A DIF: 2 REF: The Strategic Planning Process
NAT: AACSB Reflective Thinking MSC: AP

40. By using a(n) _____, Starbucks addressed the threat of fluctuating consumer trends by offering a variety of beverages and merchandise beyond coffee.
a. mission statement
b. contingency plan
c. matrix
d. SWOT analysis

ANS: D DIF: 2 REF: The Strategic Planning Process
NAT: AACSB Reflective Thinking MSC: AP

41. Which of the following is made up primarily of external factors?
a. Strengths
b. Threats
c. Opportunities
d. Weaknesses

ANS: B DIF: 2 REF: The Strategic Planning Process
NAT: AACSB Analytic MSC: KN

42. Serguis is a member of his firm's strategic planning team. He has identified several untapped markets that exist in other countries. His observation should be listed as a(n) _____.
a. opportunity
b. weakness
c. strength
d. threat

ANS: A DIF: 2 REF: The Strategic Planning Process
NAT: AACSB Reflective Thinking MSC: AP

43. Guideposts by which managers define the organization's desired performance are called _____.
a. objectives
b. missions
c. opportunities
d. standards

ANS: A DIF: 2 REF: The Strategic Planning Process
NAT: AACSB Analytic MSC: KN

44. A primary _____ at Google is to ensure employee satisfaction by offering specialized perks, such as free meals and shoreline running trails.
a. mission statement
b. vision
c. competitive differentiation
d. objective

ANS: D DIF: 2 REF: The Strategic Planning Process
NAT: AACSB Reflective Thinking MSC: AP

45. When Capital One Financial utilized their extensive database to customize its credit card operation, the company was in the _____ phase of planning.
a. monitoring
b. implementation
c. decision making
d. vision

ANS: B DIF: 2 REF: The Strategic Planning Process
NAT: AACSB Reflective Thinking MSC: AP

46. Which of the following is the biggest challenge for managers in the strategic planning process?
a. Turning strategy into action
b. Developing the mission statement
c. Setting objectives
d. Assessing the competitive position

ANS: A DIF: 2 REF: The Strategic Planning Process
NAT: AACSB Reflective Thinking MSC: AP

47. Decisions involving simple, common, frequently occurring problems for which solutions have already been determined are _____ decisions.
a. creative
b. standard
c. programmed
d. strategic

ANS: C DIF: 1 REF: Managers as Decision Makers

NAT: AACSB Analytic

MSC: KN

48. Morgan is the manager of a local Circuit City and has put up signs promoting the store's frequent shopper card program. Morgan's assignment would be classified as a _____.
a. programmed decision
b. non-programmed decision
c. span of management
d. matrix

ANS: A

DIF: 2

REF: Managers as Decision Makers

NAT: AACSB Reflective Thinking

MSC: AP

49. Juan is a tech engineer at Apple Computer and needs to hire two new assistants for his department. Juan's decision about their starting salaries will be a _____.
a. contingency plan
b. line organization
c. non-programmed decision
d. programmed decision

ANS: D

DIF: 2

REF: Managers as Decision Makers

NAT: AACSB Reflective Thinking

MSC: AP

50. ABC Corp. has established a discount schedule for large-volume clients. This _____ will allow managers to devote more time to complex issues.
a. increased sales volume
b. non-programmed decision
c. increased profit margin
d. programmed decision

ANS: D

DIF: 2

REF: Managers as Decision Makers

NAT: AACSB Reflective Thinking

MSC: AP

51. All of the following require non-programmed decisions EXCEPT _____.
a. complex problems
b. important problems
c. common, relatively simple problems
d. situations that have not occurred before

ANS: C

DIF: 2

REF: Managers as Decision Makers

NAT: AACSB Analytic

MSC: KN

52. Luis is CEO of a new company that makes handheld computers. He is trying to decide between using the Windows Pocket PC operating system and the Palm operating system. Luis is _____.
a. creating a vision
b. developing a mission statement
c. making a non-programmed decision
d. making a programmed decision

ANS: C

DIF: 2

REF: Managers as Decision Makers

NAT: AACSB Reflective Thinking

MSC: AP

53. Isabella was hired to launch Home Depot's brand into the business office industry. She routinely makes _____ decisions that have important consequences to the company.
a. autocratic
b. programmed

- c. departmentalization
- d. Non-programmed

ANS: D DIF: 2 REF: Managers as Decision Makers
NAT: AACSB Reflective Thinking MSC: AP

54. Heather is faced with making a decision about where to locate a store. She has researched the advantages and disadvantages of a downtown location, a mall location, and a suburban location in a strip mall. What should Heather do now?
- a. Follow up on the effectiveness of the decision.
 - b. Develop potential courses of action.
 - c. Delay making a decision.
 - d. Select and implement one of her choices.

ANS: D DIF: 2 REF: Managers as Decision Makers
NAT: AACSB Reflective Thinking MSC: AP

55. The quality control team at a steel company recently implemented a strategy to reduce product defects. What is their next step?
- a. Assess the outcome of the decision.
 - b. Develop a potential course of action.
 - c. Recognize a problem or opportunity.
 - d. Evaluate the alternatives.

ANS: A DIF: 2 REF: Managers as Decision Makers
NAT: AACSB Reflective Thinking MSC: AP

56. The first step in the decision-making process is to _____.
- a. decide whether the manager is facing a programmed decision or a non-programmed decision
 - b. identify the problem
 - c. develop alternatives
 - d. evaluate alternatives

ANS: B DIF: 2 REF: Managers as Decision Makers
NAT: AACSB Analytic MSC: KN

57. _____ is the act of directing or inspiring others to perform activities designed to achieve organizational objectives.
- a. Controlling
 - b. Communicating
 - c. Organizing
 - d. Leadership

ANS: D DIF: 1 REF: Managers as Leaders
NAT: AACSB Analytic MSC: KN

58. Leadership is most often associated with the ability to _____.
- a. communicate well with large groups of people
 - b. arrange activities that have to be performed in a systematic way
 - c. determine the most effective course of action
 - d. inspire others toward high levels of achievement

ANS: D DIF: 2 REF: Managers as Leaders
NAT: AACSB Reflective Thinking MSC: AP

59. Leaders establish power from all of the following sources EXCEPT their _____.
a. position in the organization
b. expertise
c. work ethic
d. personality

ANS: C DIF: 2 REF: Managers as Leaders
NAT: AACSB Analytic MSC: KN

60. Autocratic leaders _____.
a. make decisions on their own, often without consulting others
b. believe in minimal supervision
c. are open-minded leaders
d. involve subordinates in making decisions

ANS: A DIF: 2 REF: Managers as Leaders
NAT: AACSB Analytic MSC: KN

61. Autocratic leaders have all of the following characteristics EXCEPT _____.
a. concentration of power with the manager
b. two-way communication
c. decisions are made by the manager with little to no consultation from subordinates
d. employees are closely supervised

ANS: B DIF: 2 REF: Managers as Leaders
NAT: AACSB Analytic MSC: KN

62. Democratic leaders _____.
a. involve their subordinates in making decisions
b. let people know only what they need to know to do their jobs
c. are always the most effective leaders
d. leave all decisions to their subordinates

ANS: A DIF: 2 REF: Managers as Leaders
NAT: AACSB Analytic MSC: KN

63. Which leadership style would allow sales personnel to participate in setting sales quotas?
a. Free-rein
b. Judgmental
c. Democratic
d. Autocratic

ANS: C DIF: 2 REF: Managers as Leaders
NAT: AACSB Reflective Thinking MSC: AP

64. Maya, director of Admissions at Glenview Hospital, frequently seeks input from subordinates on issues relating to her department. Maya's style of leadership would be considered _____.
a. judgmental
b. democratic
c. autocratic
d. free-rein

ANS: B DIF: 2 REF: Managers as Leaders
NAT: AACSB Reflective Thinking MSC: AP

65. Marriott has a policy of allowing employees at its hotels to immediately respond to customer problems without having to obtain prior approvals from senior managers. This policy is best described as _____.
- a. free-rein leadership
 - b. employee responsibility
 - c. autocratic leadership
 - d. employee empowerment

ANS: D DIF: 3 REF: Managers as Leaders

NAT: AACSB Reflective Thinking MSC: AP

66. Marcus is in charge of the creative department at Rice Advertising Agency and believes that close supervision destroys creative expression. He concentrates on providing resources his subordinates need, but leaves most decisions up to them. Marcus is a(n) _____ leader.
- a. autocratic
 - b. free-rein
 - c. task-oriented
 - d. democratic

ANS: B DIF: 3 REF: Managers as Leaders

NAT: AACSB Reflective Thinking MSC: AP

67. The manager of Public Service at St. Clair Community College allows committees of faculty members to make most of the decisions for the department. The manager believes that her main role is to provide faculty with the resources they need to do an effective job in the classroom. The manager's leadership style can best be described as _____.
- a. free-rein
 - b. autocratic
 - c. democratic
 - d. persuasive

ANS: A DIF: 3 REF: Managers as Leaders

NAT: AACSB Reflective Thinking MSC: AP

68. The best style of leadership is _____.
- a. democratic
 - b. dependent on employee feedback
 - c. dependent on the leader's base of power
 - d. free-rein

ANS: C DIF: 2 REF: Managers as Leaders

NAT: AACSB Analytic MSC: KN

69. An organization's system of principles, beliefs, and values is called _____.
- a. corporate culture
 - b. democratic leadership system
 - c. free-rein system
 - d. organizational structure

ANS: A DIF: 1 REF: Corporate Culture

NAT: AACSB Analytic MSC: KN

70. Corporate culture is influenced by all of the following factors EXCEPT _____.
- a. managerial philosophies
 - b. company performance

- c. communication networks
- d. workplace environments

ANS: B DIF: 2 REF: Corporate Culture
NAT: AACSB Analytic MSC: KN

71. In an organization with a strong culture, _____.
- a. the management is usually autocratic
 - b. everyone knows and supports the same objectives
 - c. the use of rituals is nonexistent
 - d. employees are encouraged to think and act independently

ANS: B DIF: 2 REF: Corporate Culture
NAT: AACSB Reflective Thinking MSC: AP

72. Which of the following groups is typically most responsible for shaping a corporate culture?
- a. Current senior management
 - b. Current middle management
 - c. The company's founders
 - d. Long-time employees

ANS: C DIF: 2 REF: Corporate Culture
NAT: AACSB Analytic MSC: KN

73. A(n) _____ is a structured grouping of people working together to achieve common goals.
- a. system
 - b. span of management
 - c. chain of command
 - d. organization

ANS: D DIF: 1 REF: Organizational Structures
NAT: AACSB Analytic MSC: KN

74. What is the first step in the organizing process?
- a. Determine specific work activities necessary to implement plans and achieve objectives.
 - b. Assign activities to specific positions and people and allocate necessary resources.
 - c. Coordinate activities of different groups and individuals.
 - d. Group work activities into a logical pattern or structure.

ANS: A DIF: 3 REF: Organizational Structures
NAT: AACSB Analytic MSC: KN

75. Chau-Lee is the owner-manager of a 24-hour convenience store. When he first opened the business, he employed only four people, and it was easy to manage the store through informal means. The store experienced rapid growth and is now a six-unit chain. Chau-Lee is now trying to manage 30 employees and coordinate operations in the same manner as when he first opened the business. He is frustrated and feels that his business is "out of control." What Chau-Lee needs is _____.
- a. fewer stores
 - b. more employees
 - c. a formal organization structure
 - d. an updated inventory system

ANS: C DIF: 3 REF: Organizational Structures
NAT: AACSB Reflective Thinking MSC: AP

76. The three key elements present in an organization are _____.

- a. human interaction, employee grievance procedures, and structure
- b. goal-directed activities, structure, and human interaction
- c. human resources, financial resources, and innovation
- d. policies, rules, and procedures

ANS: B DIF: 3 REF: Organizational Structures
NAT: AACSB Analytic MSC: KN

77. When a company evaluates the results of the organizing process, all the following factors are of influence EXCEPT the _____.
- a. type of product being offered
 - b. use of technology
 - c. use of time management
 - d. size of the company

ANS: C DIF: 3 REF: Organizational Structures
NAT: AACSB Analytic MSC: KN

78. Organization charts are the visual indication of a firm's _____.
- a. formal relationships with suppliers and customers
 - b. informal relationships within the organization
 - c. job positions and functions
 - d. management team for each department

ANS: C DIF: 2 REF: Organizational Structures
NAT: AACSB Analytic MSC: KN

79. The process of dividing work activities into units is known as _____.
- a. organizational management
 - b. programming structure
 - c. streamline management
 - d. departmentalization

ANS: D DIF: 2 REF: Organizational Structures
NAT: AACSB Analytic MSC: KN

80. Organizations structured to serve different areas of the world are usually departmentalized by _____.
- a. process
 - b. product
 - c. geography
 - d. function

ANS: C DIF: 2 REF: Organizational Structures
NAT: AACSB Analytic MSC: KN

81. Jeffrey would like his firm divided up into work units representing finance, marketing, and production. This is known as _____ departmentalization.
- a. product
 - b. geographic
 - c. functional
 - d. process

ANS: C DIF: 2 REF: Organizational Structures
NAT: AACSB Reflective Thinking MSC: AP

82. Procter & Gamble is subdivided by its different lines (such as food products, toiletries, and detergents). Procter & Gamble is departmentalized by _____.
a. process
b. customer
c. function
d. product

ANS: D DIF: 2 REF: Organizational Structures
NAT: AACSB Reflective Thinking MSC: AP

83. Leticia is organizing the sales force for her wholesale office-supply business. She has decided to divide the sales force into three groups: one specializing in sales to schools, a second contacting government offices, and a third focusing on business customers. Which form of departmentalization is Leticia using?
a. Geographic
b. Customer
c. Process
d. Function

ANS: B DIF: 2 REF: Organizational Structures
NAT: AACSB Reflective Thinking MSC: AP

84. Tri-Star manufacturing is organized into three major departments: production, marketing, and finance. Tri-Star is departmentalized based on _____.
a. Product
b. Function
c. Geography
d. Process

ANS: B DIF: 2 REF: Organizational Structures
NAT: AACSB Reflective Thinking MSC: AP

85. American River Furniture Manufacturing's departments include cutting, staining, varnishing, drilling, shaping, and assembling. These departments are based on _____.
a. Process
b. Product
c. Function
d. Customer

ANS: A DIF: 2 REF: Organizational Structures
NAT: AACSB Reflective Thinking MSC: AP

86. The organizational structure based on a direct flow of authority from the top manager to subordinates is the _____ organization.
a. Functional
b. Line
c. Matrix
d. line-and-staff

ANS: B DIF: 2 REF: Organizational Structures
NAT: AACSB Analytic MSC: KN

87. The line form of organization is _____.
a. the most recent innovation in organization structures
b. seldom used today

- c. the oldest and simplest form of structure
- d. used mainly by large corporations

ANS: C DIF: 2 REF: Organizational Structures
NAT: AACSB Analytic MSC: KN

88. The line organization is best suited for a _____.
- a. government office
 - b. small accounting firm
 - c. large supermarket chain
 - d. public utility

ANS: B DIF: 2 REF: Organizational Structures
NAT: AACSB Reflective Thinking MSC: AP

89. The set of relationships that indicates who gives directions to whom and who reports to whom is known as the _____.
- a. hierarchy of organizational objectives
 - b. span of management
 - c. organization chart
 - d. chain of command

ANS: D DIF: 2 REF: Organizational Structures
NAT: AACSB Analytic MSC: KN

90. Which of the following forms of organization is commonly used in medium- and large-sized firms?
- a. Committee organization
 - b. Line organization
 - c. Line-and-staff organization
 - d. Matrix organization

ANS: C DIF: 2 REF: Organizational Structures
NAT: AACSB Analytic MSC: KN

91. Linda is the president of a large costume jewelry manufacturing firm. Over the years, the company evolved from a line structure to a line-and-staff structure. The production department would be classified as _____.
- a. Staff
 - b. Line
 - c. Decentralized
 - d. Matrix

ANS: B DIF: 3 REF: Organizational Structures
NAT: AACSB Reflective Thinking MSC: AP

92. Which of the following is an example of a staff position?
- a. Director of Engineering
 - b. Chief Executive Officer
 - c. Production Vice-President
 - d. Director of Marketing

ANS: A DIF: 2 REF: Organizational Structures
NAT: AACSB Analytic MSC: KN

93. Volunteers at a local food kitchen decide to use an organizational structure in which authority and responsibility are jointly held by the entire group rather than a single manager. These volunteers are using a _____ organizational structure.
- Functional
 - Matrix
 - Committee
 - line-and-staff

ANS: C DIF: 1 REF: Organizational Structures
NAT: AACSB Reflective Thinking MSC: AP

94. The matrix organization is also frequently referred to as _____.
- line management
 - chain of command
 - project management
 - team organization

ANS: C DIF: 2 REF: Organizational Structures
NAT: AACSB Analytic MSC: KN

95. Ian wonders what type of organizational structure is best suited for his company, a medium-sized manufacturing firm servicing the electronics industry. In addition to its normal product lines, the company occasionally produces special products that require the cooperation of a variety of personnel from many departments. What form of organizational structure is best suited for this operation?
- Matrix organization
 - Informal organization
 - Functional organization
 - Line organization

ANS: A DIF: 3 REF: Organizational Structures
NAT: AACSB Reflective Thinking MSC: AP

TRUE/FALSE

1. The principles of management apply to both Wal-Mart and United Way.

ANS: T DIF: 2 REF: What Is Management?
NAT: AACSB Reflective Thinking MSC: AP

2. Executive vice presidents are near the top of the management pyramid.

ANS: T DIF: 1 REF: What Is Management?
NAT: AACSB Analytic MSC: KN

3. CEOs need to be directly involved in the day-to-day details of their firms.

ANS: F DIF: 1 REF: What Is Management?
NAT: AACSB Reflective Thinking MSC: AP

4. Middle managers are responsible for developing detailed plans and procedures to implement the firm's strategic plans.

ANS: T DIF: 2 REF: What Is Management?
NAT: AACSB Analytic MSC: KN

5. Most top executives began their careers with a strong communication background.

ANS: F DIF: 2 REF: What Is Management?
NAT: AACSB Reflective Thinking MSC: AP

6. A baseball manager would be classified as middle management.

ANS: F DIF: 2 REF: What Is Management?
NAT: AACSB Reflective Thinking MSC: AP

7. Interruptions are part of a manager's day, but they can be avoided.

ANS: F DIF: 2 REF: What Is Management?
NAT: AACSB Analytic MSC: KN

8. Conceptual skills are especially important for top-level managers since they develop long-range plans for the future direction of their organizations.

ANS: T DIF: 2 REF: What Is Management?
NAT: AACSB Analytic MSC: KN

9. Planning lays the groundwork, but other managerial functions are aimed at carrying out the plans.

ANS: T DIF: 2 REF: What Is Management?
NAT: AACSB Analytic MSC: KN

10. The basic purpose of controlling is to evaluate the success of the planning function.

ANS: T DIF: 2 REF: What Is Management?
NAT: AACSB Analytic MSC: KN

11. The directing function is a vital responsibility of top management.

ANS: F DIF: 2 REF: What Is Management?
NAT: AACSB Analytic MSC: KN

12. One purpose of a company's vision is to differentiate itself from its competitors.

ANS: T DIF: 2 REF: Setting a Vision and Ethical Standards for the Firm
NAT: AACSB Analytic MSC: KN

13. Vision is a skill found primarily in supervisory managers.

ANS: F DIF: 2 REF: Setting a Vision and Ethical Standards for the Firm
NAT: AACSB Analytic MSC: KN

14. A company's vision should be focused and rigid enough so that the company is not in danger of straying from its path to success.

ANS: F DIF: 2 REF: Setting a Vision and Ethical Standards for the Firm
NAT: AACSB Reflective Thinking MSC: AP

15. CEOs who are dismissed are more likely to receive generous severance packages than those who resign.

ANS: T DIF: 2 REF: Setting a Vision and Ethical Standards for the Firm
NAT: AACSB Analytic MSC: KN

16. The most far-reaching level of planning is tactical planning.

ANS: F DIF: 1 REF: Importance of Planning
NAT: AACSB Analytic MSC: KN

17. An auto parts store establishes a policy requiring that customer service representatives respond to Web site e-mails within three business days. This policy is a result of the company's tactical planning.

ANS: F DIF: 2 REF: Importance of Planning
NAT: AACSB Reflective Thinking MSC: AP

18. The decision of Dell to market computers “built to order” was part of its initial strategic planning.

ANS: T DIF: 2 REF: Importance of Planning
NAT: AACSB Reflective Thinking MSC: AP

19. As part of its strategy to compete with high-end stores, Target utilized operational planning by hiring famous designers to create its apparel lines.

ANS: T DIF: 2 REF: Importance of Planning
NAT: AACSB Reflective Thinking MSC: AP

20. Contingency planning involves the actual training of workers to respond in emergency situations.

ANS: T DIF: 2 REF: Importance of Planning
NAT: AACSB Analytic MSC: KN

21. Managers engage in planning on a situational basis. It’s not an everyday objective.

ANS: F DIF: 2 REF: Importance of Planning
NAT: AACSB Analytic MSC: KN

22. Tactical planning is the primary responsibility of middle managers and supervisors.

ANS: T DIF: 1 REF: Importance of Planning
NAT: AACSB Analytic MSC: KN

23. Senior managers spend most of their time on strategic and long-range planning.

ANS: T DIF: 1 REF: Importance of Planning
NAT: AACSB Analytic MSC: KN

24. The planning process is better suited to managers, not general employees.

ANS: F DIF: 1 REF: Importance of Planning
NAT: AACSB Analytic MSC: KN

25. Mission statements are relatively easy to develop so long as the company's vision is clear.

ANS: F DIF: 2 REF: The Strategic Planning Process
NAT: AACSB Reflective Thinking MSC: AP

26. Mission statements are generally no longer than one or two sentences.

ANS: F DIF: 2 REF: The Strategic Planning Process
NAT: AACSB Analytic MSC: KN

27. SWOT is an acronym for strengths, weaknesses, opportunities, and teamwork.

ANS: F DIF: 2 REF: The Strategic Planning Process
NAT: AACSB Analytic MSC: KN

28. SWOT analysis encourages a practical approach to planning based on a realistic view of a firm's scenarios of likely future events.

ANS: T DIF: 2 REF: The Strategic Planning Process
NAT: AACSB Analytic MSC: KN

29. The mission statement defines a company's goals in general terms, whereas objectives are concrete statements.

ANS: T DIF: 2 REF: The Strategic Planning Process
NAT: AACSB Analytic MSC: KN

30. Profit is still the sole exclusive objective for performance standards.

ANS: F DIF: 3 REF: The Strategic Planning Process
NAT: AACSB Analytic MSC: KN

31. Product innovation is a classic example of competitive differentiation.

ANS: T DIF: 2 REF: The Strategic Planning Process
NAT: AACSB Analytic MSC: KN

32. A programmed decision involves problems for which solutions have already been made.

ANS: T DIF: 2 REF: Managers as Decision Makers
NAT: AACSB Analytic MSC: KN

33. Programmed decisions eliminate the time-consuming process of evaluating alternatives.

ANS: T DIF: 2 REF: Managers as Decision Makers
NAT: AACSB Analytic MSC: KN

34. When the manager of a local auto repair shop decided to expand into a neighboring town, she was making a non-programmed decision.

ANS: T DIF: 2 REF: Managers as Decision Makers
NAT: AACSB Reflective Thinking MSC: AP

35. For non-programmed decisions, organizations develop rules, policies, and procedures.

ANS: F DIF: 2 REF: Managers as Decision Makers
NAT: AACSB Analytic MSC: KN

36. Decisions can evolve from non-programmed into programmed.

ANS: T DIF: 2 REF: Managers as Decision Makers
NAT: AACSB Reflective Thinking MSC: AP

37. The decision-making process includes the recognition of a problem or opportunity.

ANS: T DIF: 1 REF: Managers as Decision Makers
NAT: AACSB Analytic MSC: KN

38. A formal decision-making process is not practical for most not-for-profit organizations.

ANS: F DIF: 2 REF: Managers as Decision Makers
NAT: AACSB Reflective Thinking MSC: AP

39. Great leaders share all of the same qualities.

ANS: F DIF: 1 REF: Managers as Leaders
NAT: AACSB Analytic MSC: KN

40. A willingness to experiment is usually too risky for effective leadership.

ANS: F DIF: 2 REF: Managers as Leaders
NAT: AACSB Reflective Thinking MSC: AP

41. A leader can use humor and an energetic personality to establish a source of power.

ANS: T DIF: 2 REF: Managers as Leaders
NAT: AACSB Analytic MSC: KN

42. Autocratic is a leadership style that adjusts in accordance with the situation.

ANS: F DIF: 2 REF: Managers as Leaders
NAT: AACSB Analytic MSC: KN

43. A significant business trend during the past decade has been the empowerment of employees.

ANS: T DIF: 1 REF: Managers as Leaders
NAT: AACSB Analytic MSC: KN

44. Danielle runs a hotel and gives her employees the authority to make on-the-spot decisions to improve customer satisfaction. Danielle is empowering her employees.

ANS: T DIF: 1 REF: Managers as Leaders
NAT: AACSB Reflective Thinking MSC: AP

45. Ashley manages a telemarketing company that sells vacations over the phone. She is required to meet a certain profit margin every month, and she assigns sales quotas to her employees without consultation. Ashley is an example of an autocratic leader.

ANS: T DIF: 2 REF: Managers as Leaders

NAT: AACSB Reflective Thinking MSC: AP

46. Democratic leaders give their subordinates the authority to make all decisions.

ANS: F DIF: 2 REF: Managers as Leaders
NAT: AACSB Analytic MSC: KN

47. Free-rein leaders believe that both employees as well as managers should make decisions.

ANS: F DIF: 2 REF: Managers as Leaders
NAT: AACSB Analytic MSC: KN

48. Free-rein leaders believe in minimal communication since employees are empowered to make all decisions.

ANS: F DIF: 2 REF: Managers as Leaders
NAT: AACSB Reflective Thinking MSC: AP

49. Jorge believes that close supervision of employees stifles creativity, so he allows his employees to make most of their own decisions. Jorge is an example of a free-rein leader.

ANS: T DIF: 2 REF: Managers as Leaders
NAT: AACSB Reflective Thinking MSC: AP

50. Managers may switch from one style of leadership to another depending on the situation.

ANS: T DIF: 2 REF: Managers as Leaders
NAT: AACSB Reflective Thinking MSC: AP

51. Experts agree that they can identify any single best style of leadership.

ANS: F DIF: 2 REF: Managers as Leaders
NAT: AACSB Analytic MSC: KN

52. The most effective leadership style for a manager to adopt often depends on the organization's corporate culture.

ANS: T DIF: 1 REF: Managers as Leaders
NAT: AACSB Analytic MSC: KN

53. An effective manager does not need a strong corporate culture in order to succeed.

ANS: F DIF: 1 REF: Corporate Culture
NAT: AACSB Reflective Thinking MSC: AP

54. Managers use symbols, rituals, and ceremonies to reinforce corporate culture.

ANS: T DIF: 1 REF: Corporate Culture
NAT: AACSB Analytic MSC: KN

55. Corporate culture is typically shaped by those who founded and developed the company.

ANS: T DIF: 1 REF: Corporate Culture
NAT: AACSB Analytic MSC: KN

56. Other than improving employee morale, corporate culture has little impact on a company's success.

ANS: F DIF: 1 REF: Corporate Culture
NAT: AACSB Reflective Thinking MSC: AP

57. When current employees pass on corporate culture to newer employees, the process is always informal to avoid intimidation.

ANS: F DIF: 2 REF: Corporate Culture
NAT: AACSB Analytic MSC: KN

58. The first step in the organizing process is to group work activities in a logical pattern or structure.

ANS: F DIF: 1 REF: Corporate Culture
NAT: AACSB Analytic MSC: KN

59. As a firm grows, its structure should be simplified.

ANS: F DIF: 2 REF: Organizational Structures
NAT: AACSB Analytic MSC: KN

60. Departmentalization is the process of dividing work activities into units within the organization.

ANS: T DIF: 1 REF: Organizational Structures
NAT: AACSB Analytic MSC: KN

61. Emerging business opportunities are a special type of functional departmentalization.

ANS: F DIF: 2 REF: Organizational Structures
NAT: AACSB Analytic MSC: KN

62. Work organized by the different types of goods and services is called product departmentalization.

ANS: T DIF: 2 REF: Organizational Structures
NAT: AACSB Analytic MSC: KN

63. Firms organized around business functions such as finance, marketing, and production have process departmentalization.

ANS: F DIF: 2 REF: Organizational Structures
NAT: AACSB Analytic MSC: KN

64. A single company may implement several different organizational schemes.

ANS: T DIF: 2 REF: Organizational Structures
NAT: AACSB Analytic MSC: KN

65. In an organization, authority and responsibility tend to move downward, while accountability moves upward.

ANS: T DIF: 3 REF: Organizational Structures
NAT: AACSB Analytic MSC: KN

66. A trend toward decentralization has pushed decision making down to operating employees.

ANS: T DIF: 2 REF: Organizational Structures
NAT: AACSB Analytic MSC: KN

67. In a line organization, the staff manager has direct control over functions like production and marketing.

ANS: F DIF: 2 REF: Organizational Structures
NAT: AACSB Analytic MSC: KN

68. In a committee organization, the ultimate responsibility is still held by one individual.

ANS: F DIF: 2 REF: Organizational Structures
NAT: AACSB Analytic MSC: KN

69. In a line and staff organization, staff managers have the authority to give orders to line departments.

ANS: F DIF: 2 REF: Organizational Structures
NAT: AACSB Analytic MSC: KN

70. One disadvantage of a matrix organization is that employees may be confused and frustrated in reporting to two bosses.

ANS: T DIF: 2 REF: Organizational Structures
NAT: AACSB Analytic MSC: KN