

Chapter 4: Basic Challenges of Organizational Design

1. Differentiation entails establishing and controlling the division of labor.
Answer: True False
Diff: 2 Type: TF Page Ref: 114
2. The B.A.R. and Grille is a good example of the challenges differentiation poses.
Answer: True False
Diff: 2 Type: TF Page Ref: 114
3. In a simple organization, differentiation is low because division of labor is low.
Answer: True False
Diff: 1 Type: TF Page Ref: 112
4. In a complex organization, both the division of labor and differentiation are high.
Answer: True False
Diff: 1 Type: TF Page Ref: 112
5. Subunit orientation is the tendency to view one's role in the organization strictly from the perspective of one's own subunit, or department.
Answer: True False
Diff: 1 Type: TF Page Ref: 121
6. To prevent subunit orientation, management should have clear job descriptions in place.
Answer: True False
Diff: 2 Type: TF Page Ref: 121
7. Integration is the way in which a company allocates people and resources to organizational tasks.
Answer: True False
Diff: 2 Type: TF Page Ref: 121
8. If an organization has a high degree of integration, then it should have a low degree of differentiation.
Answer: True False
Diff: 2 Type: TF Page Ref: 121
9. The simplest integrating mechanism is simply direct contact between people in different subunits.
Answer: True False
Diff: 2 Type: TF Page Ref: 122
10. The primary difference between a task force and a team is that a task force is designed to be temporary.
Answer: True False
Diff: 2 Type: TF Page Ref: 123

11. An organization that differentiates too much will experience higher costs in terms of the amount of time spent on coordinating activities.
Answer: True False
Diff: 2 Type: TF Page Ref: 125
12. An organization that integrates too much will experience higher costs in terms of the amount of time spent on coordinating activities.
Answer: True False
Diff: 2 Type: TF Page Ref: 125
13. Formalization is more appropriate in an environment that requires high levels of mutual adjustment.
Answer: True False
Diff: 2 Type: TF Page Ref: 128
14. External rules often become internalized norms.
Answer: True False
Diff: 2 Type: TF Page Ref: 129
15. Mechanistic structures usually have a high level of formalization.
Answer: True False
Diff: 2 Type: TF Page Ref: 132
16. The organization is very status conscious in a mechanistic structure.
Answer: True False
Diff: 2 Type: TF Page Ref: 132
17. Employees are encouraged to use their judgment in making decisions in a mechanistic structure.
Answer: True False
Diff: 2 Type: TF Page Ref: 132
18. Organic structures promote flexibility.
Answer: True False
Diff: 2 Type: TF Page Ref: 132
19. Lawrence and Lorsch studied the following three industries: plastics, food processing, and car manufacturing.
Answer: True False
Diff: 2 Type: TF Page Ref: 134
20. Lawrence and Lorsch found that subunits in an organization respond to subparts of the environment.
Answer: True False
Diff: 2 Type: TF Page Ref: 134

21. The Burns and Stalker research supports the notion that in a rapidly changing environment, top managers should make all major decisions because they have the experience and expertise.

Answer: True False

Diff: 1 Type: TF Page Ref: 137

22. McDonald's has made its organizational structure more organic.

Answer: True False

Diff: 1 Type: TF Page Ref: 140

23. McDonald's solved most of its organizational problems by becoming more organic.

Answer: True False

Diff: 2 Type: TF Page Ref: 140

24. _____ is the process by which an organization allocates people and resources to organizational tasks and establishes the task and authority relationships to reach goals.

- A. Structure
- B. Management
- C. Differentiation
- D. Strategy

Answer: C

Diff: 1 Type: MC Page Ref: 114

25. At the B.A.R and Grille Restaurant, Bob and Amanda took turns cooking and waiting on tables. This type of organization is _____ .

- A. complex
- B. simple
- C. specialized
- D. coordinated

Answer: B

Diff: 1 Type: MC Page Ref: 114

26. As the B.A.R. and Grille Restaurant grew, Bob and Amanda did *not*:

- A. allocate resources to tasks.
- B. perform all the tasks themselves.
- C. increase the division of labor.
- D. allocate people to tasks.

Answer: B

Diff: 2 Type: MC Page Ref: 114

27. In a simple organization, differentiation is and the division of labor is _____ .

- A. low/high
- B. low/low
- C. high/high
- D. high/low

Answer: B

Diff: 2 Type: MC Page Ref: 114

28. In a complex organization, differentiation is _____ and division of labor is _____ .
- A. low/high
 - B. low/low
 - C. high/low
 - D. high/high

Answer: D

Diff: 2 Type: MC Page Ref: 114

29. _____ are task-related behaviors required of a position in an organization.
- A. Norms
 - B. Controls
 - C. Organizational roles
 - D. Rules

Answer: C

Diff: 2 Type: MC Page Ref: 116

30. _____ is the power to hold people accountable for their actions and to make decisions concerning the use of resources.
- A. Control
 - B. Authority
 - C. Differentiation
 - D. Function

Answer: B

Diff: 1 Type: MC Page Ref: 117

31. A _____ is a subunit composed of a group of people, working together, who possess similar skills or use the same kind of knowledge, tools, or techniques to perform their jobs.
- A. role
 - B. function
 - C. hierarchy
 - D. norm

Answer: B

Diff: 1 Type: MC Page Ref: 117

32. The two main subunits that develop in an organization are:
- A. functions and divisions.
 - B. marketing and R&D.
 - C. organizational roles and functions.
 - D. horizontal differentiation and vertical differentiation.

Answer: A

Diff: 2 Type: MC Page Ref: 117

33. Which of the following functions helps an organization *control* its relations with its environment and its stakeholders?
- A. Production
 - B. Support
 - C. Managerial

D. Adaptive

Answer: B

Diff: 2 Type: MC Page Ref: 118

34. Personnel is a _____ function.

- A. support
- B. managerial
- C. production
- D. maintenance

Answer: D

Diff: 3 Type: MC Page Ref: 118

35. Which of the following is an adaptive function?

- A. Public relations
- B. Sales
- C. Engineering
- D. Long-range planning

Answer: D

Diff: 3 Type: MC Page Ref: 118

36. Which of the following is *not* a maintenance function?

- A. Market research
- B. Janitorial services
- C. Engineering
- D. Personnel

Answer: A

Diff: 3 Type: MC Page Ref: 118

37. Which of the following functions manages the conversion process?

- A. Production
- B. Maintenance
- C. Managerial
- D. Support

Answer: A

Diff: 2 Type: MC Page Ref: 118

38. A subunit of people who possess similar skills or use the same kind of techniques to perform their jobs are termed a(n) _____ subunit.

- A. function
- B. department
- C. division
- D. task

Answer: A

Diff: 1 Type: MC Page Ref: 117

39. An organizational chart is a drawing that primarily depicts _____.

- A. socialization

- B. differentiation
- C. integration
- D. standardization

Answer: B

Diff: 2 Type: MC Page Ref: 115

40. A _____ is a classification of people according to authority and rank.

- A. team
- B. norm
- C. hierarchy
- D. role

Answer: C

Diff: 2 Type: MC Page Ref: 119

41. Determining the number of levels to have in the hierarchy is part of _____ .

- A. mutual adjustment
- B. horizontal differentiation
- C. vertical differentiation
- D. standardization

Answer: C

Diff: 2 Type: MC Page Ref: 119

42. Which is *not* a part of horizontal differentiation?

- A. Specialization
- B. Division of labor
- C. Increased productivity
- D. Centralization

Answer: D

Diff: 2 Type: MC Page Ref: 120

43. Grouping tasks into roles is part of _____ .

- A. integration
- B. formalization
- C. horizontal differentiation
- D. vertical differentiation

Answer: C

Diff: 2 Type: MC Page Ref: 120

44. _____ causes functions or divisions to develop subunit orientations.

- A. Horizontal differentiation
- B. Integration
- C. Vertical differentiation
- D. Authority

Answer: A

Diff: 2 Type: MC Page Ref: 120

45. At the B.A.R. & Grille restaurant, Bob and Amanda noticed conflicts between the cooks and the waitstaff.

Both sides were acting as if they were the most important to the success of the restaurant. The cooks noted that "without us, we wouldn't have customers," while the waitstaff touted it's excellent service as the reason for success. This is an example of _____.

- A. subunit orientation
- B. integrating mechanisms that are too complex
- C. the downside of vertical differentiation
- D. integrating mechanisms that are too simple

Answer: A

Diff: 2 Type: MC Page Ref: 121

46. Subunit orientations are the result of differences in:

- A. the personalities of organizational managers.
- B. official goals.
- C. perspectives of time frames and goals among departments.
- D. external environments among departments.

Answer: C

Diff: 2 Type: MC Page Ref: 121

47. Production is concerned about reducing costs in the short-term whereas R&D is concerned about innovation, which is long-term. This is an example of _____.

- A. educational differences
- B. standardization
- C. subunit orientation
- D. integration

Answer: C

Diff: 2 Type: MC Page Ref: 121

48. Which of the following is the simplest integrating mechanism?

- A. Task force
- B. Liaison role
- C. Direct contact
- D. Hierarchy of authority

Answer: D

Diff: 2 Type: MC Page Ref: 118

49. Which of the following integrating mechanisms are listed from simplest to most complex?

- A. Liaison roles, integrating roles, teams, task forces
- B. Direct contact, liaison roles, task forces, teams
- C. Liaison roles, integrating roles, task forces, teams
- D. Liaison roles, direct contact, teams, integrating roles

Answer: B

Diff: 2 Type: MC Page Ref: 121

50. A salesperson reports to the sales manager of a computer company. This integrating mechanism is _____.

- A. task force
- B. hierarchy of authority
- C. team
- D. liaison role

Answer: B

Diff: 2 Type: MC Page Ref: 122

51. A committee is formed to find new ways to recycle cans in a container company. This integrating mechanism is called _____.
- A. direct contact
 - B. hierarchy of authority
 - C. integrating role
 - D. task force

Answer: D

Diff: 2 Type: MC Page Ref: 122

52. A waiter sets up a meeting with the cook to discuss why the food keeps taking so long to cook. This integrating mechanism is called _____.
- A. hierarchy of authority
 - B. direct contact
 - C. integrating role
 - D. task force

Answer: B

Diff: 1 Type: MC Page Ref: 122

53. A waiter sets up a meeting with his boss to see if he can meet with the cook and find out why the food keeps taking so long to cook. This integrating mechanism is called _____.
- A. a liaison role
 - B. hierarchy of authority
 - C. task force
 - D. direct contact

Answer: A

Diff: 2 Type: MC Page Ref: 122

54. A restaurant has so much conflict between the cooks and the wait staff that they hire a supervisor to handle communication between the two functions. They have created a(n) _____.
- A. task force
 - B. integrating role
 - C. direct contact
 - D. level in the hierarchy

Answer: B

Diff: 2 Type: MC Page Ref: 122

55. One manager has responsibility for coordinating the Diaper and Baby Soap divisions to enhance marketing activities. Which of the following integrating mechanisms is being used in this example?
- A. Liaison role
 - B. Direct contact
 - C. Integrating role
 - D. Hierarchy of authority

Answer: C

Diff: 2 Type: MC Page Ref: 122

56. Direct contact is an integrating mechanism that:
- A. gives one functional manager the authority to tell another functional manager how to solve a problem.
 - B. involves a vice president meeting directly with two functional managers to resolve their problem.
 - C. is more complex than an integrating role.
 - D. entails two functional managers meeting to solve a common problem.

Answer: D

Diff: 2 Type: MC Page Ref: 122

57. The relationship between teams and task forces as integrating mechanisms is that:
- A. task forces involve many departments and teams involve only a few departments.
 - B. task forces are formally assigned and teams evolve.
 - C. task forces are used for routine problems and teams are created to solve specific problems.
 - D. teams are permanent task forces.

Answer: D

Diff: 2 Type: MC Page Ref: 123

58. One important difference between an integrating role and a liaison role is:
- A. the liaison role is a formal position inside one of the departments and the integrating role is informal.
 - B. the integrating role is a formal position inside one of the departments and the liaison role is informal.
 - C. the integrating role is located outside the departments that are being coordinated.
 - D. the liaison role is a more complex integrating mechanism.

Answer: C

Diff: 3 Type: MC Page Ref: 125

59. Which of the following integrating mechanisms is/are independent of the subunits or divisions being integrated?
- A. Liaison roles
 - B. Integrating roles
 - C. Task forces
 - D. Teams

Answer: B

Diff: 3 Type: MC Page Ref: 125

60. An important implication of high differentiation in an organization is that:
- A. controlling the environment will be difficult.
 - B. the hierarchy of authority will be the most important integrating mechanism.
 - C. coordination between departments will be difficult.
 - D. the organization will be more organic.

Answer: C

Diff: 3 Type: MC Page Ref: 125

61. _____ is the process of coordinating various tasks, functions, and divisions to work together and not be at cross-purposes.
- A. Integration
 - B. Organizational behavior
 - C. Supervision
 - D. Subunit orientation

Answer: A

Diff: 1 Type: MC Page Ref: 125

62. Which of the following integrating mechanisms is *most* appropriate for an organization that has low differentiation?

- A. Teams
- B. Integrating roles
- C. Direct contact
- D. Task forces

Answer: C

Diff: 2 Type: MC Page Ref: 122

63. A large computer manufacturer makes complex products such as notebook computers and multimedia software. This company uses direct contact and the hierarchy of authority to coordinate and control activities. What design challenge does this organization face?

- A. Balancing centralization and decentralization
- B. Balancing standardization and mutual adjustment
- C. Balancing differentiation and integration
- D. Coordinating the informal and formal organizations

Answer: C

Diff: 3 Type: MC Page Ref: 125

64. Company XYZ is missing many new opportunities because employees do not take responsibilities or risks.

What is the primary design challenge facing this organization?

- A. Balancing centralization and decentralization
- B. Establishing levels of horizontal and vertical differentiation
- C. Coordinating the formal and informal organization
- D. Balancing differentiation and integration

Answer: A

Diff: 3 Type: MC Page Ref: 125

65. _____ means that the authority to make important decisions is retained by managers at the top of the hierarchy.

- A. Centralization
- B. Decentralization
- C. Integration
- D. Coordination

Answer: A

Diff: 1 Type: MC Page Ref: 126

66. _____ allows top managers to keep an organization focused on organizational goals.

- A. Horizontal differentiation
- B. Decentralization
- C. Mutual adjustment
- D. Centralization

Answer: D

Diff: 2 Type: MC Page Ref: 126

67. _____ means that the authority to make important decisions about organizational resources and new projects is delegated to managers at all levels in the hierarchy.
- A. Standardization
 - B. Decentralization
 - C. Centralization
 - D. Direct contact

Answer: B

Diff: 1 Type: MC Page Ref: 126

68. A disadvantage of centralization is that:
- A. it is hard to predict employees' behavior.
 - B. it makes coordination difficult.
 - C. top managers may neglect strategic decision making about future organizational activities such as deciding on which strategy to use to expand globally.
 - D. top managers may neglect operational decision making about day-to-day activities such as hiring.

Answer: C

Diff: 2 Type: MC Page Ref: 127

69. An advantage of centralization is that it:
- A. allows top managers to keep the organization focused on organizational goals.
 - B. encourages flexibility.
 - C. gives top managers time to focus on strategic decision making.
 - D. increases the motivation of middle managers.

Answer: A

Diff: 2 Type: MC Page Ref: 125

70. An advantage of decentralization is that it:
- A. allows top managers to keep the organization focused on organizational goals.
 - B. simplifies the coordination process.
 - C. may increase the motivation of managers.
 - D. ensures predictable behavior.

Answer: C

Diff: 2 Type: MC Page Ref: 127

71. One disadvantage of decentralization is that:
- A. the decision-making process is inflexible.
 - B. it may be hard to motivate managers.
 - C. it may be hard to coordinate activities.
 - D. top managers may neglect strategic decision making.

Answer: C

Diff: 2 Type: MC Page Ref: 127

72. A regular customer went to a retail store that required two forms of identification to process a check. Because the customer had only one form of identification, the clerk refused to accept the check, and this action resulted in lost business. What is the design challenge this organization faces?
- A. Balancing centralization and decentralization
 - B. Balancing differentiation and integration

C. Coordinating the informal and formal organizations

D. Balancing standardization and mutual adjustment

Answer: D

Diff: 3 Type: MC Page Ref: 128

73. IBM experienced coordination and communication problems due to ineffective _____.

A. formalization

B. differentiation

C. standardization

D. integration

Answer: D

Diff: 3 Type: MC Page Ref: 128

74. The opposite of standardization is _____.

A. de-standardization

B. decentralization

C. mutual adjustment

D. customization

Answer: C

Diff: 2 Type: MC Page Ref: 128

75. When individuals use their own judgment rather than relying on rules, it is called _____.

A. decentralization

B. empowerment

C. standardization

D. mutual adjustment

Answer: D

Diff: 2 Type: MC Page Ref: 128

76. _____ is conformity to specific models □ defined by sets of rules and norms that are considered proper in a given situation.

A. Integration

B. Management

C. Standardization

D. Differentiation

Answer: C

Diff: 1 Type: MC Page Ref: 128

77. _____ is the process through which people use their judgment rather than standardized rules to address problems, guide decision making, and promote coordination.

A. Standardization

B. Formalization

C. Centralization

D. Mutual adjustment

Answer: D

Diff: 1 Type: MC Page Ref: 128

78. Which of the following would be *least* appropriate for a company that desires flexibility?

- A. Decentralization
- B. An organic structure
- C. Mutual adjustment
- D. Standardization

Answer: D

Diff: 2 Type: MC Page Ref: 128

79. _____ is the extent to which an organization depends on rules and procedures.

- A. Formalization
- B. Horizontal differentiation
- C. Socialization
- D. Vertical differentiation

Answer: A

Diff: 2 Type: MC Page Ref: 128

80. _____ is the process by which organizational members learn the norms of the organization.

- A. Mutual adjustment
- B. Standardization
- C. Socialization
- D. Integration

Answer: C

Diff: 2 Type: MC Page Ref: 130

81. Task forces and teams can increase _____.

- A. mutual adjustment
- B. standardization
- C. vertical differentiation
- D. horizontal differentiation

Answer: A

Diff: 3 Type: MC Page Ref: 129

82. Top managers of a telecommunication company must make complex decisions, such as whether to enter unstable, developing countries. These managers are most likely to rely on _____ to coordinate and control their decisions about global expansion.

- A. formalization
- B. standardization
- C. the hierarchy
- D. mutual adjustment

Answer: B

Diff: 2 Type: MC Page Ref: 128

83. Norms are:

- A. formal written statements that control behavior.
- B. often established by the informal organization.
- C. easier to change than rules.
- D. used only at lower levels in the organization.

Answer: B

Diff: 2 Type: MC Page Ref: 129

84. Mutual adjustment is the:
- A. process of using the hierarchy of authority to integrate subunits.
 - B. process of strictly following written rules.
 - C. process of using judgment to address a problem.
 - D. result of centralization.

Answer: C

Diff: 2 Type: MC Page Ref: 128

85. When an organization has a high level of formalization, it will generally:
- A. promote innovation and flexibility.
 - B. decentralize decision-making authority.
 - C. centralize decision-making authority.
 - D. encourage mutual adjustment.

Answer: C

Diff: 2 Type: MC Page Ref: 126

86. "Chiselers" are:
- A. punished because they violate the norm by working too slow.
 - B. punished because they violate the norm by working too fast.
 - C. punished by managers because they break the rules.
 - D. praised because they slow down the pace of work.

Answer: A

Diff: 3 Type: MC Page Ref: 126

87. "Rate-Busters" are:
- A. punished because they violate the norm by working too slow.
 - B. punished by managers because they break the rules.
 - C. punished because they violate the norm by working too fast.
 - D. praised because they slow down the pace of work.

Answer: C

Diff: 3 Type: MC Page Ref: 126

88. Amazon.com ensured customer service through all the design choices *except* _____.
- A. centralized control
 - B. mutual adjustment
 - C. empowerment
 - D. decentralized control

Answer: A

Diff: 2 Type: MC Page Ref: 130

89. The primary integrating mechanism used in a mechanistic structure is/are _____.
- A. direct contact
 - B. the hierarchy of authority
 - C. task forces
 - D. liaison roles

Answer: B

Diff: 2 Type: MC Page Ref: 132

90. _____ structures are designed to induce people to behave in predictable, accountable ways.
- A. Decentralized
 - B. Mechanistic
 - C. Organic
 - D. Simple

Answer: B

Diff: 2 Type: MC Page Ref: 132

91. _____ structures promote flexibility, so people initiate change and can adapt quickly to changing conditions.
- A. Mechanistic
 - B. Organic
 - C. Complex
 - D. Formalized

Answer: B

Diff: 1 Type: MC Page Ref: 132

92. If a company desires predictable behavior, it should authority and adopt a(n) _____ structure.
- A. decentralize/mechanistic
 - B. centralize/mechanistic
 - C. centralize/organic
 - D. decentralize/organic

Answer: B

Diff: 2 Type: MC Page Ref: 133

93. A mechanistic structure is characterized by:
- A. loosely defined rules.
 - B. a high level of standardization.
 - C. complex integrating mechanisms.
 - D. decentralization.

Answer: B

Diff: 2 Type: MC Page Ref: 132

94. Which of the following is *not* a characteristic of a mechanistic structure?
- A. Roles are clearly defined.
 - B. The informal organization is very status conscious.
 - C. Complex integrating mechanisms are used.
 - D. The information flow is mainly vertical.

Answer: C

Diff: 2 Type: MC Page Ref: 132

95. An organic structure is characterized by:
- A. simple integrating mechanisms.
 - B. a high level of standardization.

C. loosely defined roles.

D. centralization.

Answer: C

Diff: 2 Type: MC Page Ref: 132

96. Which of the following structures is *most* appropriate for an organization that operates in a stable environment?

A. Mechanistic

B. Organic

C. Differentiated

D. Systematic

Answer: A

Diff: 2 Type: MC Page Ref: 132

97. Which of the following structures is *most* appropriate for an organization that operates in a dynamic environment?

A. Differentiated

B. Systematic

C. Organic

D. Mechanistic

Answer: C

Diff: 2 Type: MC Page Ref: 132

98. Status in an organic organization is determined by:

A. organizational structure.

B. the team to which a person is assigned.

C. the hierarchy of authority.

D. the ability to provide creative leadership.

Answer: D

Diff: 2 Type: MC Page Ref: 132

99. Which of the following is *not* a characteristic of an organic structure?

A. Coordination is achieved through standardization.

B. Both the informal and formal authority relationships change in response to changing internal conditions.

C. Integrating mechanisms are complex.

D. Roles are loosely defined.

Answer: A

Diff: 2 Type: MC Page Ref: 132

100. _____ states that in order to manage effectively, an organization should design its structure to fit with the environment.

A. Contingency theory

B. Organizational theory

C. Organizational behavior

D. Environmental richness

Answer: A

Diff: 2 Type: MC Page Ref: 133

101. The success of Trader Joe's upscale supermarket can be attributed to:
- A. A mechanistic structure that allows them to sell upscale products at a lower cost.
 - B. An organic structure that allowed them to focus on the customer better.
 - C. Integrating mechanisms that balanced cost with customer service.
 - D. Successful use of the Contingency structure.

Answer: B

Diff: 2 Type: MC Page Ref: 134

102. The study by Lawrence and Lorsch:
- A. analyzes mechanistic and organic structures.
 - B. supports resource dependency theory.
 - C. supports contingency theory.
 - D. supports transaction cost theory.

Answer: C

Diff: 2 Type: MC Page Ref: 134

103. According to Lawrence and Lorsch, a poor fit between an organization and its environment leads to _____.
- A. failure
 - B. success
 - C. profit minimization
 - D. effectiveness

Answer: A

Diff: 2 Type: MC Page Ref: 134

104. Which of the following findings were discovered by Lawrence and Lorsch?
- A. Organizations that operate in certain environments were more effective if they relied on standardization instead of mutual adjustment.
 - B. Effective companies in stable environments were less formalized.
 - C. Organizations that operate in uncertain environments were more effective if they relied on standardization instead of mutual adjustment.
 - D. All effective companies used complex integrating mechanisms.

Answer: A

Diff: 2 Type: MC Page Ref: 136

105. Centralization is *most* effective when an organization:
- A. has complex environmental forces.
 - B. operates in a poor environment.
 - C. operates in a stable environment.
 - D. operates in a dynamic environment.

Answer: C

Diff: 2 Type: MC Page Ref: 137

106. Decentralization is *most* effective when an organization:
- A. operates in a complex environment.
 - B. operates in a simple environment.
 - C. operates in a stable environment.

D. operates in a rich environment.

Answer: A

Diff: 2 Type: MC Page Ref: 137

107. According to Burns and Stalker, an organization should _____ its structure to match its environment for effectiveness.

- A. simplify
- B. centralize
- C. adapt
- D. decentralize

Answer: C

Diff: 2 Type: MC Page Ref: 137

108. According to Burns and Stalker, an organization in a stable environment should:

- A. adopt a mechanistic structure.
- B. use complex integrating mechanisms.
- C. adopt an organic structure.
- D. use mutual adjustment.

Answer: A

Diff: 2 Type: MC Page Ref: 137

109. McDonald's faced competition from Olive Garden and Chili's so it adopted a more _____ structure.

- A. organic
- B. centralized
- C. standardized
- D. mechanistic

Answer: A

Diff: 2 Type: MC Page Ref: 140

110. McDonald's early efforts at restructuring were a disaster in part because _____.

- A. the pricing strategy was poorly planned
- B. certain departments were not structured so as to adapt to the major changes taking place
- C. the environment was stable, requiring a more mechanistic structure
- D. the changes came way too late

Answer: B

Diff: 3 Type: MC Page Ref: 140

111. A small group of scientists began looking for ways to treat a certain illness. They developed a drug that was extremely successful and had to hire 300 people to produce and market the drug. The company was once innovative, but now has problems getting products to market quickly. The founder is wondering why a high division of labor has failed to be effective.

Answer: This division of labor has resulted in subunit orientations. Marketing is concerned primarily with satisfying customers' needs. Production's main concern is costs, and R&D's major focus is innovation. The company has likely failed to adopt more complex integrating mechanisms to facilitate communication and coordinate between divisions. Initially, only simple integrating mechanisms, such as direct contact, were necessary, because the division of labor was low. However, the company has grown and become more differentiated, so it needs more complex integrating mechanisms. The company should consider using teams to facilitate cross-functional coordination and communication.

These more complex integrating mechanisms will improve effectiveness.

Diff: 2 Type: ES Page Ref: 121

112. A large defense company has decided to open a nuclear plant as a subsidiary. What design characteristics should the structure of this plant have?

Answer: The organization will want employee behavior to be predictable, so it should adopt a mechanistic structure. Decision-making authority should be highly centralized, and standardization should be the main means of control. To prevent disasters, it will be imperative that employees follow rules. Employees will be evaluated on following rules and will not have much room for using their judgment in making decisions. The hierarchy of authority will be the primary integrating mechanism. Roles will be clearly designed, and employees will be closely supervised. Most of the information will flow vertically. This rigid structure will ensure that proper procedures are followed to prevent any mishaps.

Diff: 2 Type: ES Page Ref: 131

113. What are some ways a company can design its structure to foster innovative behavior?

Answer: If a company desires innovation and flexibility, it should adopt an organic structure. Decision making should be decentralized to lower-level managers to improve customer responsiveness and to speed up the decision-making process. Roles should be loosely defined to give employees the latitude to take risks. Employees should be encouraged to use their judgment in making decisions rather than relying solely on rules. Teams and task forces can be used to facilitate mutual adjustment. The company can also instill innovative norms in the organization, such as allotting employees the time to work on individual projects that are independent of their formal responsibilities. In addition, managers should understand and use the informal organization to encourage more flexibility.

Diff: 1 Type: ES Page Ref: 131

114. At the B.A.R. & Grille restaurant, Bob and Amanda have noticed major conflicts between the cooks and the waitstaff. Both departments seem to be making more mistakes, and each side is blaming the other. They set up an integrating mechanism that consisted of "direct contact" through weekly meetings. This has not worked. What should Bob and Amanda try next?

Answer: Make sure students understand that an integrating mechanism needs to match the complexity of the problem. The direct contact most likely didn't work because it was too simple. Bob and Amanda should therefore try something more complex, such as a liaison role person that can mediate conflicts between the parties as they happen

Diff: 2 Type: ES Page Ref: 122

115. At the B.A.R. & Grille restaurant, Bob and Amanda have noticed major conflicts between the cooks and the waitstaff. Both departments seem to be making more mistakes, and each side is blaming the other. They set up an integrating mechanism that consisted of a new department. This department had several team members whose responsibility consisted of resolving conflicts before they impacted the customer. Do you agree with this solution? Why or why not?

Answer: An integrating mechanism needs to solve the problem, but not be too complex. In this case, creating an entire department probably would not be cost effective in a single restaurant operation. Make sure students know that cost is a factor in solving design problems.

Diff: 2 Type: ES Page Ref: 122

116. Discuss the advantages and disadvantages of an organization that has centralized decision making authority.

Answer: Centralized authority allows top managers to coordinate and keep the organization focused on its goals. This can cause top managers to be too immersed in day-to-day decisions, and not focused on

long-term items such as strategic planning.
Diff: 2 Type: ES Page Ref: 126

117. Define "mutual adjustment." Give an example of a cook at a restaurant using mutual adjustment.

Answer: Mutual adjustment is where people use their own judgement to solve problems, versus using rules and procedures. A cook at a restaurant may substitute baked potatoes for rice based upon a customer's request, or prepare food that is not on the menu per a customer's request.

Diff: 1 Type: SA Page Ref: 128

118. A manager at a very mechanistic nuclear power plant has been reading about the advantages of a flexible, organic structure. He thinks this would foster creativity and teamwork, and wants to restructure. What advice would you have for him?

Answer: Organic is not necessarily better than mechanistic. Students need to understand that the structure needs to match the task, and in this case, creativity would probably be at the expense of safety. A nuclear power plant needs to run smooth and follow very detailed regulations, making an organic structure ineffective. The best answers will include a discussion of "Contingency Theory."

Diff: 2 Type: ES Page Ref: 131

1. TRUE
2. TRUE
3. TRUE
4. TRUE
5. TRUE
6. FALSE
7. FALSE
8. FALSE
9. FALSE
10. TRUE
11. TRUE
12. TRUE
13. TRUE
14. TRUE
15. TRUE
16. TRUE
17. FALSE
18. TRUE
19. FALSE
20. TRUE
21. FALSE
22. TRUE
23. FALSE
24. C
25. B
26. B

- 27. B
- 28. D
- 29. C
- 30. B
- 31. B
- 32. A
- 33. B
- 34. D
- 35. D
- 36. A
- 37. A
- 38. A
- 39. B
- 40. C
- 41. C
- 42. D
- 43. C
- 44. A
- 45. A
- 46. C
- 47. C
- 48. D
- 49. B
- 50. B
- 51. D
- 52. B

- 53. A
- 54. B
- 55. C
- 56. D
- 57. D
- 58. C
- 59. B
- 60. C
- 61. A
- 62. C
- 63. C
- 64. A
- 65. A
- 66. D
- 67. B
- 68. C
- 69. A
- 70. C
- 71. C
- 72. D
- 73. D
- 74. C
- 75. D
- 76. C
- 77. D
- 78. D

- 79. A
- 80. C
- 81. A
- 82. B
- 83. B
- 84. C
- 85. C
- 86. A
- 87. C
- 88. A
- 89. B
- 90. B
- 91. B
- 92. B
- 93. B
- 94. C
- 95. C
- 96. A
- 97. C
- 98. D
- 99. A
- 100. A
- 101. B
- 102. C
- 103. A
- 104. A

105. C

106. A

107. C

108. A

109. A

110. B

111. This division of labor has resulted in subunit orientations. Marketing is concerned primarily with satisfying customers' needs. Production's main concern is costs, and R&D's major focus is innovation. The company has likely failed to adopt more complex integrating mechanisms to facilitate communication and coordinate between divisions. Initially, only simple integrating mechanisms, such as direct contact, were necessary, because the division of labor was low. However, the company has grown and become more differentiated, so it needs more complex integrating mechanisms. The company should consider using teams to facilitate cross-functional coordination and communication. These more complex integrating mechanisms will improve effectiveness.
112. The organization will want employee behavior to be predictable, so it should adopt a mechanistic structure. Decision-making authority should be highly centralized, and standardization should be the main means of control. To prevent disasters, it will be imperative that employees follow rules. Employees will be evaluated on following rules and will not have much room for using their judgment in making decisions. The hierarchy of authority will be the primary integrating mechanism. Roles will be clearly designed, and employees will be closely supervised. Most of the information will flow vertically. This rigid structure will ensure that proper procedures are followed to prevent any mishaps.
113. If a company desires innovation and flexibility, it should adopt an organic structure. Decision making should be decentralized to lower-level managers to improve customer responsiveness and to speed up the decision-making process. Roles should be loosely defined to give employees the latitude to take risks. Employees should be encouraged to use their judgment in making decisions rather than relying solely on rules. Teams and task forces can be used to facilitate mutual adjustment. The company can also instill innovative norms in the organization, such as allotting employees the time to work on individual projects that are independent of their formal responsibilities. In addition, managers should understand and use the informal organization to encourage more flexibility.
114. Make sure students understand that an integrating mechanism needs to match the complexity of the problem. The direct contact most likely didn't work because it was too simple. Bob and Amanda should therefore try something more complex, such as a liaison role person that can mediate conflicts between the parties as they happen
115. An integrating mechanism needs to solve the problem, but not be too complex. In this case, creating an entire department probably would not be cost effective in a single restaurant operation. Make sure students know that cost is a factor in solving design problems.
116. Centralized authority allows top managers to coordinate and keep the organization focused on its goals. This can cause top managers to be too immersed in day-to-day decisions, and not focused on long-term items such as strategic planning.
117. Mutual adjustment is where people use their own judgement to solve problems, versus using rules and procedures. A cook at a restaurant may substitute baked potatoes for rice based upon a customer's request, or prepare food that is not on the menu per a customer's request.

118. Organic is not necessarily better than mechanistic. Students need to understand that the structure needs to match the task, and in this case, creativity would probably be at the expense of safety. A nuclear power plant needs to run smooth and follow very detailed regulations, making an organic structure ineffective. The best answers will include a discussion of "Contingency Theory."