Management, 10e (Robbins)  
Chapter 9  Organizational Structure and Design

1) Organizational design is the organization's formal framework by which job tasks are divided, grouped, and coordinated.  
Answer: FALSE  
Diff: 3  Page Ref: 185  
Topic: Designing Organizational Structure

2) Organizational structure is the degree to which tasks in an organization are divided into separate jobs.  
Answer: FALSE  
Diff: 2  Page Ref: 185  
Topic: Designing Organizational Structure

3) The concept of work specialization can be traced back a couple of centuries to Adam Smith's discussion of division of labor.  
Answer: TRUE  
Diff: 2  Page Ref: 185  
Topic: Designing Organizational Structure

4) Today, most managers see work specialization as a source of ever-increasing productivity.  
Answer: FALSE  
Diff: 2  Page Ref: 185  
Topic: Designing Organizational Structure

5) Grouping jobs on the basis of product or customer flow is termed customer departmentalization.  
Answer: FALSE  
Diff: 2  Page Ref: 186  
Topic: Designing Organizational Structure

6) When decisions tend to be made at lower levels in an organization, the organization is said to be decentralized.  
Answer: TRUE  
Diff: 2  Page Ref: 188  
Topic: Designing Organizational Structure

7) The concept of centralization-decentralization is absolute.  
Answer: FALSE  
Diff: 2  Page Ref: 188  
Topic: Designing Organizational Structure

8) When effective implementation of company strategies depends on managers having involvement and flexibility to make decisions, the company is probably more decentralized.  
Answer: TRUE  
Diff: 2  Page Ref: 189  
Topic: Designing Organizational Structure
9) A term for increased decentralization is employee empowerment, which is giving employees more authority to make decisions.
Answer: TRUE
Diff: 1 Page Ref: 188
Topic: Designing Organizational Structure

10) Many of today's organizations are extremely reliant on strict rules and standardization to guide and regulate employee behavior.
Answer: FALSE
Diff: 2 Page Ref: 190
Topic: Designing Organizational Structure

11) An organic organization tends to be characterized by high specialization, extensive departmentalization, narrow spans of control, high formalization, a limited information network, and little participation in decision making by low-level employees.
Answer: FALSE
Diff: 2 Page Ref: 191
Topic: Mechanistic and Organic Structures

12) An organic organization would likely be very flexible.
Answer: TRUE
Diff: 2 Page Ref: 191
Topic: Mechanistic and Organic Structures

13) Innovators need the efficiency, stability, and tight controls of the mechanistic structure.
Answer: FALSE
Diff: 1 Page Ref: 191
Topic: Mechanistic and Organic Structures

14) The relationship between organizational size and structure tends to be linear.
Answer: FALSE
Diff: 3 Page Ref: 191
Topic: Mechanistic and Organic Structures

15) Joan Woodward attempted to view organizational structure from a technological perspective.
Answer: TRUE
Diff: 2 Page Ref: 192
Topic: Mechanistic and Organic Structures
Skill: AACSB: Technology

16) Woodward's findings support that there is "one best way" to organize a manufacturing firm.
Answer: FALSE
Diff: 2 Page Ref: 192
Topic: Mechanistic and Organic Structures
Skill: AACSB: Technology
17) Since Woodward's initial work, numerous studies have demonstrated that organizations adapt their structures to their technology.
Answer: TRUE
Diff: 2 Page Ref: 192
Topic: Mechanistic and Organic Structures
Skill: AACSB: Technology

18) The strength of the functional structure is that it focuses on results.
Answer: FALSE
Diff: 2 Page Ref: 193
Topic: Common Organizational Designs

19) A simple structure is an organizational design that groups similar or related occupational specialties together.
Answer: FALSE
Diff: 1 Page Ref: 193
Topic: Common Organizational Designs

20) In divisional structures, the parent corporation typically acts as an external overseer to coordinate and control the various divisions.
Answer: TRUE
Diff: 1 Page Ref: 193
Topic: Common Organizational Designs

21) Employee empowerment is a crucial aspect of team structure because there is no line of managerial authority from top to bottom.
Answer: TRUE
Diff: 2 Page Ref: 194
Topic: Common Organizational Designs

22) A matrix design creates a dual chain of demand.
Answer: TRUE
Diff: 1 Page Ref: 195
Topic: Common Organizational Designs

23) Project structures tend to be rigid and inflexible organizational designs.
Answer: FALSE
Diff: 1 Page Ref: 195
Topic: Common Organizational Designs

24) Internal boundaries are boundaries that separate the organization from its customers, suppliers, and other stakeholders.
Answer: FALSE
Diff: 2 Page Ref: 195
Topic: Common Organizational Designs
25) To minimize or eliminate boundaries, managers might use virtual or network structural designs.
Answer: TRUE
Diff: 1 Page Ref: 196
Topic: Common Organizational Designs

26) The inspiration of the virtual organization structural approach is the film industry.
Answer: TRUE
Diff: 2 Page Ref: 196
Topic: Common Organizational Designs

27) Many organizational design concepts are not applicable to twenty-first century companies.
Answer: TRUE
Diff: 2 Page Ref: 196
Topic: Common Organizational Designs

28) It is critical for members in a virtual organization to collaborate on work activities throughout the entire organization.
Answer: FALSE
Diff: 2 Page Ref: 195
Topic: Common Organizational Designs

29) ________ is the formal arrangement of jobs within an organization.
A) Departmentalization
B) Organizational design
C) Organizational structure
D) Work specialization
Answer: C
Diff: 1 Page Ref: 185
Topic: Designing Organizational Structure

30) Organizational design is based on decisions about ________.
A) work specialization and mechanisms
B) chain of command and span of control
C) centralization and matrices
D) strategy and structure
Answer: B
Diff: 2 Page Ref: 185
Topic: Designing Organizational Structure

31) In describing the degree to which tasks in an organization are divided into separate jobs, managers use the term ________.
A) work specialization
B) departmentalization
C) chain of command
D) span of control
Answer: A
Diff: 2 Page Ref: 185
Topic: Designing Organizational Structure
32) Which statement accurately defines work specialization?
A) It is the degree to which tasks are grouped together.
B) Individual employees specialize in doing part of an activity rather than the entire activity.
C) Jobs are ranked relative only to their worth or value to the businesses.
D) It clarifies who reports to whom.
Answer: B
Diff: 3  Page Ref: 185
Topic: Designing Organizational Structure

33) On what basis are jobs grouped in order to accomplish organizational goals?
A) departmentalization
B) centralization
C) formalization
D) coordination
Answer: A
Diff: 2  Page Ref: 185
Topic: Designing Organizational Structure

34) Functional departmentalization groups jobs by ________.
A) tasks they perform
B) territories they serve
C) products or services they manufacture or produce
D) type of customer they serve
Answer: A
Diff: 2  Page Ref: 186
Topic: Designing Organizational Structure

35) Departmentalization based on ________ groups' jobs is based on the territory or physical location.
A) functional
B) product
C) geographic
D) matrix
Answer: C
Diff: 1  Page Ref: 186
Topic: Designing Organizational Structure

36) ________ departmentalization is based on the product or customer flow through the organization.
A) Product
B) Functional
C) Process
D) Organizational structure
Answer: C
Diff: 2  Page Ref: 186
Topic: Designing Organizational Structure
37) What kind of departmentalization would be in place in a government organization where different public service responsibilities are divided into activities for employers, children, and the disabled?
A) product  
B) geographic  
C) outcome  
D) customer  
Answer: D  
Diff: 2  Page Ref: 186  
Topic: Designing Organizational Structure

38) ________ departmentalization is used more in recent years to better monitor the needs of customers and to respond to changes in those needs.
A) Needs-based  
B) Functional  
C) Process  
D) Customer  
Answer: D  
Diff: 2  Page Ref: 186  
Topic: Designing Organizational Structure

39) Work teams composed of individuals from various functional specialties are known as ________ teams.
A) differentiated  
B) product  
C) cross-functional  
D) weak  
Answer: C  
Diff: 2  Page Ref: 187  
Topic: Designing Organizational Structure

40) The line of authority that extends from the upper levels of management to the lowest levels of the organization is ________.
A) authorized line of responsibility  
B) unity of command  
C) responsibility factor  
D) chain of command  
Answer: D  
Diff: 2  Page Ref: 187  
Topic: Designing Organizational Structure
41) ________ refers to the rights inherent to a position that allows a manager to tell subordinates what to do and expect them to do it.
A) Responsibility
B) Unity of command
C) Chain of command
D) Authority
Answer: D
Diff: 2 Page Ref: 187
Topic: Designing Organizational Structure

42) ________ is the obligation or expectation to perform a duty.
A) Responsibility
B) Unity of command
C) Chain of command
D) Span of control
Answer: A
Diff: 2 Page Ref: 187
Topic: Designing Organizational Structure

43) Which one of Fayol's 14 principles of management helps preserve the concept of a continuous line of authority?
A) unity of demand
B) unity of command
C) demand structure
D) continuous demand
Answer: B
Diff: 2 Page Ref: 187
Topic: Designing Organizational Structure

44) The theory that a person should report to only one manager is called ________.
A) authorized line of responsibility
B) unity of command
C) responsibility factor
D) chain of command
Answer: B
Diff: 2 Page Ref: 187
Topic: Designing Organizational Structure

45) Concepts such as chain of command and authority are considerably less relevant today because of things like ________.
A) information technology
B) span of control
C) conflicting demands of multiple bosses
D) empowerment
Answer: A
Diff: 3 Page Ref: 187
Topic: Designing Organizational Structure
Skill: AACSB: Technology
46) The traditional view was that managers could not and should not directly supervise more than ________ subordinates.
A) three or four
B) five or six
C) seven or eight
D) nine or ten
Answer: B
Diff: 2 Page Ref: 187
Topic: Designing Organizational Structure

47) The concept that defines the number of subordinates that report to a manager and that indirectly specifies the number of levels of management in an organization is called ________.
A) authorized line of responsibility
B) unity of command
C) responsibility factor
D) span of control
Answer: D
Diff: 3 Page Ref: 187
Topic: Designing Organizational Structure

48) All other things being equal, as the span of control grows wider or larger, organizational design becomes more ________.
A) bureaucratic
B) democratic
C) effective
D) efficient
Answer: D
Diff: 3 Page Ref: 188
Topic: Designing Organizational Structure

49) When the span of control ________, employee performance suffers due to a lack of time, leadership, and support.
A) remains too small
B) becomes moderate
C) becomes too large
D) becomes less cost efficient
Answer: C
Diff: 2 Page Ref: 188
Topic: Designing Organizational Structure

50) Trends in the past few years have centered on a ________ span of control to reduce costs and speed decision making.
A) narrower
B) wider
C) deeper
D) stable
Answer: B
Diff: 2 Page Ref: 188
Topic: Designing Organizational Structure
51) What factor influences the amount of centralization an organization uses?
A) Decisions are significant.
B) The company is geographically dispersed
C) The organization is facing the risk of company failure.
D) The environment is complex.
Answer: C  Diff: 2  Page Ref: 189
Topic: Designing Organizational Structure

52) What factor influences the amount of decentralization an organization uses?
A) Lower-level managers want a voice in decisions.
B) Lower level managers are not as capable at making decisions as upper-level managers.
C) Effective implementation of company strategies depends on managers retaining say over what happens.
D) The company is large.
Answer: A  Diff: 2  Page Ref: 189
Topic: Designing Organizational Structure

53) In recent years, there has been a movement to make organizations more flexible and responsive through _______.
A) centralization
B) decentralization
C) alternative organizational structure
D) customer-based structure
Answer: B  Diff: 2  Page Ref: 188
Topic: Designing Organizational Structure

54) The degree to which jobs are standardized and guided by rules and procedures is called _______.
A) work specialization
B) centralization
C) decentralization
D) formalization
Answer: D  Diff: 3  Page Ref: 189
Topic: Designing Organizational Structure

55) When managers standardize employee behavior through rules and procedures, the jobs are becoming more _______.
A) diversified
B) formalized
C) vertical
D) horizontal
Answer: B  Diff: 3  Page Ref: 189
Topic: Designing Organizational Structure
56) A(n) _______ organization is rigidly controlled and efficient.
A) organic
B) horizontal
C) learning
D) mechanistic
Answer: D
Diff: 2 Page Ref: 190
Topic: Mechanistic and Organic Structures

57) Organizations that work like efficient, well-oiled machines are described as _______.
A) organic
B) mechanistic
C) rational
D) intuitive
Answer: B
Diff: 2 Page Ref: 190
Topic: Mechanistic and Organic Structures

58) Which of the following would likely be found in mechanistic organizations?
A) wide span of control
B) empowered employees
C) decentralized responsibility
D) standardized job specialties
Answer: D
Diff: 3 Page Ref: 190
Topic: Mechanistic and Organic Structures

59) A(n) _______ organization is able to change rapidly as needs require.
A) organic
B) horizontal
C) vertical
D) mechanistic
Answer: A
Diff: 2 Page Ref: 191
Topic: Mechanistic and Organic Structures

60) GlaxoSmithKline became more _______ when it restructured to allow lab scientists to set the priorities and allocate the resources.
A) bureaucratic
B) mechanistic
C) volatile
D) organic
Answer: D
Diff: 3 Page Ref: 191
Topic: Mechanistic and Organic Structures
61) The appropriate structure for an organization is based on four contingency variables: strategy, size, degree of environmental uncertainty, and_______.
A) technology
B) history
C) leadership
D) intensity of competition
Answer: A
Diff: 1 Page Ref: 192
Topic: Mechanistic and Organic Structures
Skill: AACSB: Technology

62) In describing the relationship between structure and strategy, it can be said that_______.
A) structure follows strategy
B) strategy follows structure
C) strategy and structure are always handled equally
D) strategy follows structure in smaller organizations
Answer: A
Diff: 2 Page Ref: 191
Topic: Mechanistic and Organic Structures

63) Structure is related to the size of the organization, such that larger organizations tend to have_______.
A) more specialization
B) less departmentalization
C) less centralization
D) fewer rules and regulations
Answer: A
Diff: 2 Page Ref: 191
Topic: Mechanistic and Organic Structures

64) Structure is related to the size of the organization, such that larger organizations are more_______.
A) mechanistic
B) organic
C) structurally weak
D) decentralized
Answer: A
Diff: 2 Page Ref: 191
Topic: Mechanistic and Organic Structures
65) Joan Woodward's study of the relationship between technology and structure is based upon her study of small manufacturing firms in ________.
A) the northeastern United States
B) the south of Wales
C) France
D) southern England
Answer: D
Diff: 3 Page Ref: 192
Topic: Mechanistic and Organic Structures
Skill: AACSB: Technology

66) As a type of technology, ________ centers on large-batch production and requires moderate levels of complexity and sophistication.
A) unit production
B) mass production
C) process production
D) service production
Answer: B
Diff: 2 Page Ref: 192
Topic: Mechanistic and Organic Structures
Skill: AACSB: Technology

67) In Joan Woodward's study of the relationship between technology and structure, the structure that was the most technically complex was ________.
A) unit production
B) mass production
C) process production
D) technological production
Answer: C
Diff: 2 Page Ref: 192
Topic: Mechanistic and Organic Structures
Skill: AACSB: Technology

68) According to Woodward's studies, what type of production works best with a mechanistic structure?
A) unit
B) process
C) product
D) mass
Answer: D
Diff: 2 Page Ref: 192
Topic: Mechanistic and Organic Structures
69) The greater the environmental uncertainty, the more an organization needs to become ________.
A) organic  
B) mechanistic  
C) technologically pure  
D) supportive of technological change  
Answer: A  
Diff: 2  Page Ref: 192  
Topic: Mechanistic and Organic Structures

70) Global competition, accelerated product development by competitors, and increased demands by customers for better service have encouraged organizations to become more ________.
A) organic  
B) mechanistic  
C) technologically pure  
D) task oriented  
Answer: A  
Diff: 2  Page Ref: 192  
Topic: Mechanistic and Organic Structures

71) Traditional organizational designs tend to be more mechanistic, and include ________.
A) simple, functional, and corporate structures  
B) simple, functional, and business unit structures  
C) functional, strategic, and business unit structures  
D) simple, functional, and divisional structures  
Answer: D  
Diff: 2  Page Ref: 193  
Topic: Common Organizational Designs

72) What is a strength of a simple structure?
A) Employees are grouped with others who have similar tasks.  
B) It focuses on results.  
C) It is inexpensive to maintain.  
D) There are cost-saving advantages from specialization.  
Answer: C  
Diff: 1  Page Ref: 193  
Topic: Common Organizational Designs

73) What is a weakness of a simple structure?
A) Duplication of activities and resources increases costs and reduces efficiency.  
B) Functional specialists become insulated and have little understanding of what other units are doing.  
C) Pursuit of functional goals can cause managers to lose sight of what's best for the overall organization.  
D) Reliance on one person is risky.  
Answer: D  
Diff: 1  Page Ref: 193  
Topic: Common Organizational Designs
74) The strength of a ________ structure is based on results of managers, but it has a weakness because duplication can occur easily within the organization.
A) simple
B) functional
C) divisional
D) matrix
Answer: C
Diff: 3 Page Ref: 193
Topic: Common Organizational Designs

75) A small business with low departmentalization, wide spans of control, centralized authority, and limited formalization can be said to possess a ________ structure.
A) simple
B) functional
C) divisional
D) matrix
Answer: A
Diff: 1 Page Ref: 193
Topic: Common Organizational Designs

76) An online wine retailer that sells and ships hundreds of wines to customers all over the world with a payroll of six employees, most likely has what kind of organizational structure?
A) bureaucratic
B) simple
C) functional
D) divisional
Answer: B
Diff: 3 Page Ref: 193
Topic: Common Organizational Designs
Skill: AACSB: Globalizations

77) As the number of employees in an organization grows, structure tends to become more ________.
A) specialized
B) informal
C) centralized
D) relaxed
Answer: A
Diff: 1 Page Ref: 193
Topic: Common Organizational Designs
78) What type of organizational structure is made up of autonomous, self-contained units?
A) bureaucratic
B) simple
C) functional
D) divisional
Answer: D
Diff: 2 Page Ref: 193
Topic: Common Organizational Designs

79) Managers in contemporary organizations are finding that traditional hierarchical designs ________ for the environments they face.
A) form a foundation
B) are somewhat suitable
C) are perfectly suitable
D) often are not appropriate
Answer: D
Diff: 3 Page Ref: 194
Topic: Common Organizational Designs

80) In what type of organizational structure is empowerment most crucial?
A) bureaucratic
B) simple
C) functional
D) team
Answer: D
Diff: 1 Page Ref: 194
Topic: Common Organizational Designs

81) In large organizations, the team structure complements what is typically a ________ structure.
A) simple
B) divisional
C) matrix
D) project
Answer: B
Diff: 2 Page Ref: 195
Topic: Common Organizational Designs

82) What is an advantage of a team structure?
A) Employees are more involved and empowered.
B) The fluid and flexible design can respond to environmental changes.
C) It draws on talent wherever it is found.
D) It allows for faster decision making.
Answer: A
Diff: 1 Page Ref: 194
Topic: Common Organizational Designs
83) What is a disadvantage of a team structure?
A) There is an increased complexity of assigning people to projects.
B) There are task and personality conflicts.
C) There is no clear chain of command.
D) There are communication difficulties.
Answer: A
Diff: 1 Page Ref: 194
Topic: Common Organizational Designs

84) When an organization assigns specialists to groups according to the projects they are working on, this is called a ________.
A) divisional structure
B) functional structure
C) product structure
D) matrix structure
Answer: D
Diff: 3 Page Ref: 195
Topic: Common Organizational Designs

85) A matrix structure mixes characteristics of functional departmentalization and ________.
A) product departmentalization
B) process departmentalization
C) a dual chain of command
D) a narrow span of control
Answer: A
Diff: 3 Page Ref: 195
Topic: Common Organizational Designs

86) A matrix structure violates a key element of organizational design called ________.
A) unity of command
B) chain of command
C) span of management
D) decentralization
Answer: A
Diff: 2 Page Ref: 195
Topic: Common Organizational Designs

87) A ________ structure is an advanced version of the matrix organization, where employees continuously work on assignments that are oriented to completion of a task.
A) weighted
B) functional
C) conservative
D) project
Answer: D
Diff: 3 Page Ref: 195
Topic: Common Organizational Designs
88) A ________ design is not limited to horizontal, vertical, or external boundary imposed by a conventional structure.
A) learning organization's
B) threatened organization's
C) functional
D) boundaryless organization's
Answer:  D
Diff: 3  Page Ref: 195
Topic: Common Organizational Designs

89) A ________ organization consists of a small core of full-time employees and temporarily hires outside specialists to work on emergent opportunities.
A) network
B) virtual
C) modular
D) learning
Answer:  B
Diff: 2  Page Ref: 195
Topic: Common Organizational Designs

90) A ________ organization is a small core organization that outsources major business functions such as manufacturing, allowing the firm to concentrate on its core competencies.
A) network
B) virtual
C) modular
D) learning
Answer:  A
Diff: 2  Page Ref: 196
Topic: Common Organizational Designs

91) Why is keeping employees connected a major structural design challenge for managers?
A) Work tasks are fairly predictable and constant.
B) Most jobs are full-time and continue indefinitely.
C) Work is done at the employer's place of business under a manager's supervision.
D) Employees are widely dispersed.
Answer:  D
Diff: 1  Page Ref: 196
Topic: Common Organizational Designs

92) A learning organization has developed its ________.
A) educational department to keep employees trained
B) capacity to adapt and change
C) barriers to entry of its markets
D) a sustainable competitive advantage that is easy to maintain
Answer:  B
Diff: 3  Page Ref: 197
Topic: Common Organizational Designs
93) Some organizational theorists go so far as to say that an organization's ability to ______ may be the only sustainable source of competitive advantage.
A) apply what they learn
B) maintain its structure
C) keep employees connected
D) manage a global structure
Answer: A
Diff: 2  Page Ref: 197
Topic: Common Organizational Designs

94) Organizational learning can't take place without ________.
A) motivation
B) goals
C) sharing information
D) structure
Answer: C
Diff: 2  Page Ref: 197
Topic: Common Organizational Designs

95) Researchers have concluded that the structures and strategies of organizations worldwide are _______ and the behavior within them is _______.
A) similar; also similar
B) similar; consistent with the individual cultures
C) dissimilar; similar
D) dissimilar; consistent with the individual cultures
Answer: B
Diff: 3  Page Ref: 198
Topic: Common Organizational Designs

96) One study showed that ______ may be more important in less economically developed countries and less important in more economically developed countries.
A) departmentalization
B) formalization
C) span of control
D) chain of command
Answer: B
Diff: 3  Page Ref: 198
Topic: Designing Organizational Structure
Eric the Redd (Scenario)

Eric Redd graduated from college and was hired by a corporation that manufactured parts for the automotive industry. The employees on the assembly line seemed bored, and their motivation was low. Eric's employer decided to try to reorganize to increase productivity. During his career, Eric will see his job change from an engineer to a more complex job assignment.

97) The jobs of assembly-line employees are to be changed to allow more tasks to be done by individual workers. This is a reduction in ________.
A) work specialization
B) departmentalization
C) chain of command
D) centralization
Answer: A
Diff: 3 Page Ref: 185 Topic: Designing Organizational Structure

98) Eric majored in engineering and really enjoyed the work assignment. The reorganization changed some of his work assignments to include working on a team with production workers and marketing specialists designing the newest products the company will offer. This could be described as a(n) ________.
A) alternative work assignment
B) career degrading assignment
C) centralized work assignment
D) cross-functional team assignment
Answer: D
Diff: 2 Page Ref: 187 Topic: Common Organizational Designs

99) Eric is offered a chance to help direct the efforts of some employees assigned to his work group. This is a chance of Eric to experience ________.
A) functional structure
B) divisional structure
C) responsibility
D) authority
Answer: D
Diff: 2 Page Ref: 187 Topic: Designing Organizational Structure

100) Eric sees this new assignment as an increase in ________, or an obligation or expectation for him to perform at a new level.
A) functional structure
B) divisional structure
C) responsibility
D) authority
Answer: C
Diff: 2 Page Ref: 187 Topic: Designing Organizational Structure
General Hospital (Scenario)

Michelle is a registered nurse in charge of a new unit at her hospital. She would like to have a more laidback approach in dealing with her new staff, but the hospital demands that there be strict hierarchical levels and that all decisions must be signed off by Michelle. Sometimes this drives Michelle nuts—the constant filling out of forms, and so forth. She also feels that the numerous levels of hierarchy are unnecessary and place barriers between herself and her staff. She isn't sure why things have to be so "organized" and is thinking about speaking with her boss to attempt changing her unit to have more flexibility and fewer rules.

101) Michelle is very concerned about the formal framework by which job tasks within her nursing unit are divided, grouped, and coordinated within her unit. This framework is known as the unit's ________.
A) formal organizational chart
B) organizational structure
C) staff
D) span of control
Answer:  B
Diff: 2 Page Ref: 185
Topic:  Designing Organizational Structure

102) Michelle's unit specializes in cardiology cases. Dividing work units up in such a manner is most representative of ________ departmentalization.
A) functional
B) product
C) process
D) customer
Answer:  D
Diff: 2 Page Ref: 186
Topic:  Designing Organizational Structure

103) Michelle was asked to represent her cardiac unit as part of a Total Quality Management (TQM) initiative that is aimed at improving the overall quality of care at the hospital. Other departments, such as Cardiology and ER, also have representatives on this team. The TQM team exemplifies ________.
A) project management
B) a cross-functional team
C) process integration
D) customer departmentalization
Answer:  B
Diff: 1 Page Ref: 187
Topic:  Designing Organizational Structure
104) Michelle has noticed that everyone is very concerned about the line of authority within the organization. The line of authority within the organization is also called a(n) _______.
A) responsibility
B) chain of command
C) span of control
D) organizational strategy
Answer:  B
Diff:  1    Page Ref:  187
Topic:  Designing Organizational Structure

105) Michelle is required to sign off on all decisions, suggesting the hospital has what kind of decision-making authority?
A) centralized
B) formal
C) autocratic
D) strict
Answer:  A
Diff:  2    Page Ref:  188
Topic:  Designing Organizational Structure

You Can Take That to the Bank (Scenario)

Changes in banking regulations, a series of loan defaults by dotcom customers and a decline in the California real estate market have forced Western Bank, a large regional West Coast bank, to downsize in an effort to improve profitability and bolster its sagging stock price. Susan Q., a regional branch supervisor for the Sacramento district, has been tasked with preparing a management report concerning how these cuts are affecting bank operations and customer service. Susan believes that the most important problem that has emerged concerns span of control and decision-making authority within the bank. In the past, bank policy was that no manager should supervise more than six subordinates and only managers could make decisions for their individual units. However, with many of the cuts coming in middle management, upper management has increased its span of control while still insisting on managerial-only decision making at the unit level. The result is that upper managers spend all of their time putting out fires and subordinates feel they are getting answers too slowly. As a result, lower level employees are requesting greater authority to make decisions on their own. However, they are not as experienced at making decisions as upper-level managers. Susan Q believes that structural changes must be made that reflect Western Bank's new situation.

106) Based upon the preceding description of Western Bank's situation, which aspect of the current situation is inconsistent with Western Bank's decision to maintain a centralized form of decision making?
A) Lower-level managers want a voice in decisions.
B) Lower-level managers are not as experienced at making decisions as upper-level managers.
C) The company is large.
D) The organization is facing a crisis.
Answer:  A
Diff:  2    Page Ref:  189
Topic:  Designing Organizational Structure
107) Susan believes that Western Bank should be more highly adaptive and flexible. She would like Western Bank to possess more of a(n) ________ structure?
A) organic
B) mechanistic
C) formalized
D) technological
Answer: A
Diff: 1  Page Ref: 191
Topic: Mechanistic and Organic Structures

Black Gold, Texas Tea (Scenario)

Paul Abdul Oil Corporation (PAOC) began as a relatively small oil company. However, through the years it has grown to become an international corporation.

108) As PAOC continues to grow, a highly trained group of managers and analysts has developed at corporate headquarters. This group is highly adaptive in its structure. Members of this group do not have standardized jobs, but are empowered to handle diverse job activities and problems. This group of employees is said to have a(n) ________ structure.
A) simple
B) divisional
C) functional
D) organic
Answer: D
Diff: 3  Page Ref: 191
Topic: Mechanistic and Organic Structures
Leather and Lacey (Scenario)

Lacey has been hired as a consultant for XYZ Consulting. Her first assignment is to work with one of XYZ's newest clients, Custom Leather, Inc., a manufacturer of high-end leather furniture. Custom Leather was founded over a decade ago with the idea that great looking, comfortable leather furniture could be custom made and delivered to customers in 30 days. Traditionally, retailers stock leather sofas to satisfy the desire to receive new furniture fast, limiting the choice of colors and style for the consumer. In stark contrast, Custom Leather offers 13 different styles in over 70 different colors—from rich, deep browns to bright, sunflower; sleek, silver grays and bright, ruby red—through a select group of retail outlets. Each piece is built to the customer's individual requirements and is shipped within 2-3 weeks. However, the emergence of a new manufacturing technology has enabled a few, traditionally mass-production competitors to offer greater customization, minimizing some of Custom Leather's competitive advantage. As a result, Custom Leather is considering sweeping changes to current work processes and organizational structure.

109) Many of Custom Leather's 75 employees are highly skilled and experienced artisans. Many long-time employees are stockholders and all participate in the profit sharing plan. While there is division of labor, the jobs most floor employees perform are not highly standardized. Management has found that employees take great pride in their craft, and thus they require minimal formal rules and little direct supervision. These traits are most typical of a(n) ________ organization.
A) informal
B) mechanistic
C) organic
D) empowered
Answer: C
Diff: 2 Page Ref: 191
Topic: Mechanistic and Organic Structures

110) After reading Woodward's work at Lacey's suggestion, Custom Leather CEO Miles Standish asks her about other contingency factors that should be considered in optimally designing the firm's structure. Lacey responds that another contingency factor linked to structure is ________.
A) market orientation
B) process
C) organizational complexity
D) size
Answer: D
Diff: 2 Page Ref: 191
Topic: Mechanistic and Organic Structures
111) Standish is interested in learning more about the link between strategic decision making and organizational structure. Lacey suggested that the research and writings of ________, which were based on studies of U.S. firms in the late 1950s and early 1960s and remain the most seminal study in this area.
A) Arthur Miller
B) Joan Woodward
C) Alfred Chandler
D) Raymond Kramer
Answer: C
Diff: 3 Page Ref: 191
Topic: Mechanistic and Organic Structures

112) Standish is considering doubling the size of his workforce in conjunction with expanding the number of retail outlets that carry Custom Leather products. Lacey tells him that he should expect the organization to become more ________ as a result of this change.
A) mechanistic
B) formalized
C) organic
D) complex
Answer: A
Diff: 1 Page Ref: 191
Topic: Mechanistic and Organic Structures

113) At their first meeting, Lacey provides copies of a collection of Joan Woodward's essays for Custom Leather's management to read. Lacey believes that Woodward's work may be particularly pertinent in considering Custom Leather's organizational structure, since Woodward believed that the effectiveness of the organization was related to the fit between the firm's ________.
A) employees and products
B) technology and structure
C) size and structure
D) processes and employees
Answer: B
Diff: 2 Page Ref: 192
Topic: Mechanistic and Organic Structures
Skill: AASCB: Technology

114) Since Custom Leather produces individually customized couches, this could best be referred to as what kind of production?
A) mass
B) process
C) unit
D) environmental
Answer: C
Diff: 2 Page Ref: 192
Topic: Mechanistic and Organic Structures
115) Custom Leather's competitors typically produce their couches in large batches. This could best be referred to as what kind of production?
A) mass
B) process
C) unit
D) environmental
Answer: A
Diff: 2 Page Ref: 192
Topic: Mechanistic and Organic Structures

116) Lacey tells Standish that studies have found that as environmental uncertainty increases, _______ designs tend to be most effective.
A) organic
B) mechanistic
C) traditional
D) centralized
Answer: A
Diff: 1 Page Ref: 192
Topic: Mechanistic and Organic Structures

Black Gold, Texas Tea (Scenario)

Paul Abdul Oil Corporation (PAOC) began as a relatively small oil company. However, through the years it has grown to become an international corporation.

117) The original entrepreneurial venture consisted only of Mr. Abdul and a few employees. It was an informal organization, and everyone reported to Mr. Abdul. This is best described as a _______ structure.
A) simple
B) functional
C) divisional
D) matrix
Answer: A
Diff: 1 Page Ref: 193
Topic: Common Organizational Designs

118) A sharp rise in oil prices helped PAOC's business expand. Abdul concluded that it was impractical and inefficient for all decisions to continue flowing through his office. He granted his key subordinates the authority and responsibility to manage others within their areas of specialty. This organizational structure is best described as a _______ structure.
A) simple functional
B) functional
C) divisional
D) matrix
Answer: B
Diff: 2 Page Ref: 193
Topic: Common Organizational Designs
119) Paul Abdul decided to purchase an oil drilling supply company, located in a new country. The purchase of this company was classified as a related diversification, but distance and the new product line suggested that this newly purchased organization continue to be operated as a separate company. In beginning a new phase in the history of Paul Abdul Oil Corporation, a ________ structure should be implemented to allow the company to continue to grow.
A) simple  
B) functional  
C) divisional  
D) matrix  
Answer: C  
Diff: 3  Page Ref: 193  
Topic: Common Organizational Designs

120) To deal with the workload in an effective manner, PAOC's executive management group assigns specialists from the different functional departments to work on one or more work groups that are led by project managers. This popular contemporary design is called a(n) ________ structure.
A) matrix  
B) divisional  
C) functional  
D) organic  
Answer: A  
Diff: 2  Page Ref: 195  
Topic: Common Organizational Designs

121) Twenty years after founding PAOC, Abdul decides he is approaching retirement. He wants PAOC to develop the capacity to adapt itself and change because each member will take an active role in identifying and resolving work-related issues. Abdul wants the firm to become a ________.
A) learning organization  
B) threatened organization  
C) functional structure  
D) boundaryless organization  
Answer: A  
Diff: 2  Page Ref: 197  
Topic: Common Organizational Designs

122) Several years after the retirement of Mr. Abdul, management at PAOC decided to sell off its oil exploration and drilling supply holdings, and instead focus on the more profitable distribution end of the business. In conjunction with this decision, management decided to outsource most of its noncore functions, such as accounting, payroll, and human resources. These moves are consistent with what type of contemporary organizational design?
A) a virtual organization  
B) a network organization  
C) a modular organization  
D) a matrix organization  
Answer: B  
Diff: 3  Page Ref: 196  
Topic: Common Organizational Designs
Eric the Redd Part II (Scenario)

Eric Redd graduated from college and was hired by a corporation that manufactured parts for the automotive industry. The employees on the assembly line seemed bored, and their motivation was low. Eric’s employer decided to try to reorganize to increase productivity.

123) During his career, Eric saw his job change from an engineering role to a more complex job assignment. Eventually, Eric's department evolved to become an advanced structure in which Eric continually worked on projects. This structure is known as a ________ structure.
   A) simple
   B) functional
   C) divisional
   D) project
   Answer:  D
   Diff: 1  Page Ref: 195
   Topic:  Common Organizational Designs

124) In a short essay, list and explain the six key elements in designing an organization's structure.
   Answer:  a. Work specialization—this concept describes the degree to which tasks in an organization are divided into separate jobs. The essence of work specialization is that an entire job is not done by one individual, but instead is broken down into steps, with each step completed by a different person.
   b. Departmentalization—the basis by which jobs are grouped together is called departmentalization. The five common forms of departmentalization include functional, product, geographical, process, and customer departmentalization.
   c. Chain of command—this is the continuous line of authority that extends from upper organizational levels to the lowest levels and clarifies who reports to whom. It helps employees answer questions such as "Who do I go to if I have a problem?" or "To whom am I responsible?"
   d. Span of control—this concept is important because, to a large degree, it determines the number of levels and managers an organization has. All things being equal, the wider or larger the span of control, the more efficient the organization.
   e. Centralization and decentralization—centralization describes the degree to which decision making is concentrated at a single point in the organization. If top managers make the organization’s key decisions with little or no input from below, then the organization is centralized. In contrast, the more that lower-level employees provide input or actually make decisions, the more decentralized there is.
   f. Formalization—this refers to the degree to which jobs within the organization are standardized and the extent to which employee behavior is guided by rules and procedures. If a job is highly formalized, then the person doing that job has a minimum amount of discretion over what is to be done, when it's to be done, and how he or she could do it.
   Diff: 3  Page Ref: 185-190
   Topic:  Designing Organizational Structure
125) In a short essay, list and discuss the five common forms of departmentalization.
Answer: a. Functional departmentalization jobs are grouped by the functions (i.e., marketing, finance, human resources) performed. This approach can be used in all types of organizations, although the functions change to reflect the organization's objectives and work activities.
   b. Product departmentalization jobs are grouped by product line. In this approach, each major product area is placed under the authority of a manager who's a specialist in, and is responsible for, everything having to do with that product line.
   c. Geographical departmentalization jobs are grouped on the basis of a territory or geography such as southern, midwestern, or northwestern regions for an organization operating only in the United States; or for a global company, maybe U.S., European, Canadian, and Asian-Pacific regions.
   d. Process departmentalization this method groups jobs on the basis of product or customer flow. In this approach, work activities follow a natural processing flow of product or even customers.
   e. Customer departmentalization jobs are grouped on the basis of common customers who have common needs or problems that can best be met by having specialists for each.

Diff: 2 Page Ref: 189
Topic: Designing Organizational Structure

126) In a short essay, list six factors that influence the amount of centralization (or decentralization) in an organization.
Answer: More Centralization
   a. The environment is stable.
   b. Lower-level managers are not as capable or experienced at making decisions as upper-level managers.
   c. Lower-level managers do not want to have a say in decisions.
   d. Decisions are relatively minor.
   e. The organization is facing a crisis or the risk of company failure.
   f. The company is large.
   g. Effective implementation of company strategies depends on managers' retaining a say over what happens.

More Decentralization
   a. The environment is complex, uncertain.
   b. Lower-level managers are capable and experienced at making decisions.
   c. Lower-level managers want a voice in decisions.
   d. Decisions are relatively significant.
   e. The corporate culture is open to allowing managers to have a say in what happens.
   f. The company is geographically dispersed.
   g. Effective implementation of company strategies depends on managers' having involvement and flexibility to make decisions.

Diff: 2 Page Ref: 189
Topic: Designing Organizational Structure
127) In a short essay, list and discuss the four contingency variables that should be considered in determining an appropriate structure in organizational design.

Answer: a. Strategy and structure—an organization's structure should facilitate the achievement of goals. Since goals are influenced by the organization's strategies, it's only logical that strategy and structure should be closely linked. More specifically, structure should follow strategy. If managers significantly change the organization's strategy, they will need to modify structure to accommodate and support the change.

b. Size and structure—there's considerable evidence that an organization's size significantly affects its structure. For instance, large organizations—those with 2,000 or more employees—tend to have more specialization, departmentalization, centralization, and rules and regulations than do small organizations. However, the relationship isn't linear. Rather, size affects structure at a decreasing rate; that is, size becomes less important as an organization grows.

c. Technology and structure—every organization has at least one form of technology to convert its inputs into outputs. The processes or methods that transform an organization's inputs into outputs differ by their degree of routineness. In general, the more routine the technology, the more standardized and mechanistic the structure can be. Organizations with more nonroutine technology are more likely to have organic structures.

d. Environmental uncertainty and structure—since uncertainty threatens an organization's effectiveness, managers will try to minimize it. One way to reduce environmental uncertainty is through adjustments in the organization's structure. The greater the uncertainty, the greater the need for the flexibility offered by an organic design. On the other hand, in stable, simple environments, mechanistic designs tend to be most effective.

Diff: 3 Page Ref: 191-192
Topic: Mechanistic and Organic Structures

128) In a short essay, list the three traditional organizational designs. Describe the characteristics that are commonly associated with each.

Answer: In designing a structure to support the most efficient and effective accomplishment of organizational goals, managers often rely upon tried and true traditional organizational designs. These designs are: the simple structure, functional structure, and divisional structure.

a. The simple structure is most often associated with small entrepreneurial ventures and is common among organizations where the owner and manager are one and the same. Simple structures possess low departmentalization, wide spans of control, authority centralized in a single person, and little formalization. As firms grow, structure tends to become more specialized and formalized, departments and new levels of management are created, and the firm takes on a more bureaucratic nature.

b. A functional structure is an organizational design that groups similar or related occupational specialties together. It is a functional approach to departmentalization applied to the entire organization. For example, organizing around the separate functions of operations, finance, human resources, marketing, and R&D.

c. Finally, the divisional structure is an organizational structure made up of separate business units or divisions. In this design, each unit maintains limited autonomy with a division manager responsible for performance and determining who has strategic and operational authority within the divisional unit. However, the parent corporation still typically acts as an external overseer to coordinate and control the various divisions.

Diff: 2 Page Ref: 191-192
Topic: Common Organizational Designs

129) In a short essay, describe matrix and project structures. What are the advantages and
disadvantages of these structures?

Answer: The matrix structure is an organizational structure that assigns specialists from different functional departments to work on one or more projects being led by project managers. Each product is managed by an individual who staffs his or her product team with people from each of the functional departments. The addition of this vertical dimension to the traditional horizontal functional departments, in effect, "weaves together" elements of functional and product departmentalization creating a matrix arrangement. One unique aspect of this design is that it creates a dual chain of command, which violates the classical organizing principle of unity of command. Employees in a matrix organization have two managers: their functional area manager and their product or project manager, who share authority. The project managers have authority over the functional members who are part of their project team in areas related to the project's goals. However, decisions such as promotions, salary recommendations, and annual reviews typically remain the functional manager's responsibility. To work effectively, project and functional managers have to communicate regularly, coordinate work demands on employees, and resolve conflicts together. Although the matrix structure is an effective structural design choice for some organizations, many are using a more "advanced" type of project structure, in which employees continuously work on projects. Unlike the matrix structure, a project structure has no formal departments that employees return to at the completion of a project. Instead, employees take their specific skills, abilities, and experiences to other projects. In addition, all work in project structures is performed by teams of employees who become part of a project team because they have the appropriate work skills and abilities. Project structures tend to be fluid and flexible organizational designs. There's no departmentalization or rigid organizational hierarchy to slow down decision making or taking actions. In this type of structure, managers serve as facilitators, mentors, and coaches. They "serve" the project teams by eliminating or minimizing organizational obstacles and by ensuring that the teams have the resources they need to effectively and efficiently complete their work. The advantages of matrix and project structures are that their fluid and flexible design can respond to environmental changes and allows for faster decision making. The disadvantages are there is some complexity of assigning people to projects and there are task and personality conflicts.

Diff: 2  Page Ref: 195

Topic: Common Organizational Designs
130) In a short essay, describe the boundaryless organization. What types of boundaries are there? What are the advantages and disadvantages of this organizational design?
Answer: Another approach to contemporary organizational design is the concept of a boundaryless organization, an organization whose design is not defined by, or limited to, the horizontal, vertical, or external boundaries imposed by a predefined structure. Although the idea of eliminating boundaries may seem odd, many of today's most successful organizations are finding that they can operate most effectively by remaining flexible and unstructured: that the ideal structure for them is not having a rigid, bounded, and predefined structure. There are two types: internal boundaries—the horizontal boundaries imposed by work specialization and departmentalization and the vertical boundaries that separate employees into organizational levels and hierarchies; and external boundaries—the boundaries that separate the organization from its customers, suppliers, and other stakeholders. To minimize or eliminate these boundaries, managers might use virtual or network structural designs. The advantages of a boundaryless organization are that it is highly flexible and responsive and draws on talent wherever it is found. The disadvantages are that there is a lack of control and it presents communication difficulties.

131) In a short essay, describe a learning organization. What structural aspects does a learning organization need?
Answer: A learning organization is an organization that has developed the capacity to continuously learn, adapt, and change. In a learning organization, employees continually acquire and share new knowledge and are willing to apply that knowledge in making decisions or performing their work. Some organizational theorists even go so far as to say that an organization's ability to do this—that is, to learn and to apply that learning—may be the only sustainable source of competitive advantage. What structural aspects does a learning organization need? First, it's critical for members in a learning organization to share information and collaborate on work activities throughout the entire organization—across different functional specialties and even at different organizational levels. To do this requires minimal structural and physical barriers. In such a boundaryless environment, employees can work together and collaborate in doing the organization's work the best way they can and learn from each other. Finally, because of this need to collaborate, teams also tend to be an important feature of a learning organization's structural design. Employees work in teams that are empowered to make decisions about doing whatever work needs to be done or resolving issues. With empowered employees and teams, there's little need for "bosses" to direct and control. Instead, managers serve as facilitators, supporters, and advocates.