

**TEST BANK**



Organization  
A STRATEGIC APPROACH Theory

SIXTH EDITION



B. J. Hodge · William P. Anthony  
Lawrence M. Gales

## Chapter 2

### True/False

1. The division of labor into tasks is called differentiation.  
T
2. The structure of an organization is usually depicted through the formal organization chart.  
T
3. One of the reasons that The Limited experienced a negative change in fortune was Leslie Wexner's almost unbridled belief in tight authoritarian control.  
F
4. Three basic types of differentiation occur in organizations: horizontal, vertical, and diagonal.  
F
5. In the past decade, the trend has been towards less specialization or horizontal differentiation.  
T
6. "Broad banding" involves splitting a job into more sub-tasks and thus using more specialists to accomplish a job.  
F
7. Spatial differentiation or dispersion can be both horizontal and vertical.  
T
8. One of the major problems experienced by companies who utilize the home-based mobile office is the tendency for employees to shirk their duties and work less hours.  
F
9. Complexity is often related to organizational size, but it need not be.  
T
10. According to researchers, one major advantage of breaking a complex job into simple tasks is that it tends to be highly motivating for the workers.  
F

11. Workers, not managers, should be the prime coordinators of activities and tasks performed throughout the organization.  
F
12. Formal rules, policies, and procedures are referred to as centralization.  
F
13. Decentralized decision-making may be quicker and can reduce the burden on top management.  
T
14. In general, the more competent the manager and subordinates, the wider the span of control can be.  
T
15. Organizations with broad spans of control are regarded as tall.  
F
16. Integration in organizations can be accomplished through process, input, and output standardization.  
T
17. Liaison roles are designed to link two units or departments at the same level of the organization.  
T
18. The culture of IBM is recognized as being “thin” and that is why very few rules of conduct are actually written down on paper.  
F
19. Mechanistic organizations tend to have high formalization and high de-centralization.  
F
20. Organic organizations tend to have low formal formalization and broad spans of control.  
T
21. The old rule of thumb regarding the ideal number of subordinates that a supervisor could effectively supervise was 11-13.  
F

22. The new rule of thumb regarding the ideal number of subordinates for a supervisor is 4-6.  
F
23. One nonstructural means for integration is the liaison role.  
T
24. An organic organization tends to have high levels of standardization.  
F
25. Organizations, for the most part, are just random collections of people.  
F

### Multiple Choice

26. \_\_\_\_\_ refers to the sum total of the ways in which an organization divides its labor into distinct tasks and then coordinates among them.
- a. Specialization
  - b. Integration
  - c. Structure
  - d. Formalization
  - e. Strategy
- C
27. The structure of an organization is usually depicted through the formal:
- a. policy and procedures manual.
  - b. organizational chart.
  - c. budget allocations.
  - d. task schedule.
  - e. none of the above.
- B
28. The definition of structure recognized two key elements:
- a. differentiation and formalization.
  - b. formalization and integration.
  - c. span of control and differentiation.
  - d. formalization and complexity.
  - e. differentiation and integration.
- E

29. Which of the following reforms did Wexner initiate after his trips to General Electric and Pepsi?
- a. More structure was put into meetings and financial matters.
  - b. Managers were encouraged to think brand-wide instead of in terms of private labels.
  - c. Managers were encouraged to pay more attention to their divisions and less to corporate wide goals.
  - d. Both a and b above.
  - e. Both a and c above.
- D
30. The division of labor into tasks is called:
- a. differentiation.
  - b. integration.
  - c. departmentalization.
  - d. dispersion.
  - e. none of the above.
- A
31. Broad banding refers to:
- a. Reducing the number of tasks that a position is responsible for.
  - b. Collapsing a large number of tasks into a smaller number of positions.
  - c. Using e-mail throughout the organization to communicate common interests.
  - d. Creating overlap in responsibilities by using liaison groups.
  - e. Using computer-mediated technologies to facilitate Internet communications.
- B
32. Spatial differentiation or dispersion can be:
- a. horizontal but not vertical.
  - b. vertical but not horizontal.
  - c. both vertical and horizontal
  - d. horizontal, vertical, and diagonal.
  - e. vertical and diagonal only.
- C

33. Which one of the following is not true about the home-based mobile office?
- a. The practice tends to increase the amount of time that employees spend with clients.
  - b. Some employees tend to feel disenfranchised because they no longer have an office in the organization.
  - c. Home-based mobile offices increase commuting time.
  - d. Some employees tend to work too many hours.
  - e. Both a and d above are not true.
- C
34. \_\_\_\_\_ is determined largely by the amount of horizontal, vertical, and spatial differentiation.
- a. Formalization
  - b. Level of complexity
  - c. Integration
  - d. Centralization
  - e. Both c and d above
- B
35. When General Motors created its Saturn Division,
- a. it closely integrated Saturn's operation with the rest of GM.
  - b. it eliminated formal teams.
  - c. the plant was designed with fewer job titles than typical GM plants.
  - d. each worker was given only one or two highly specialized tasks to master.
  - e. both a and d above.
- C
36. Which one of the following is not recognized as an integrating structure?
- a. Formalization
  - b. Spans of control
  - c. Standardization
  - d. Centralization
  - e. Bureaucracy
- E

37. In general, the more competent the manager and subordinates, the less geographically dispersed managers and subordinates, and the less interrelated and more routine the tasks of the subordinate,
- a. the taller the organization structure must be.
  - b. the narrower the span of control can be.
  - c. the wider the span of control can be.
  - d. the deeper the organization structure must be.
  - e. none of the above.
- C
38. Which of the following is not considered a method of standardization?
- a. Process
  - b. Inputs
  - c. Outputs
  - d. Organization culture
  - e. All of the above are methods of standardization.
- D
39. \_\_\_\_\_ are horizontal linking devices that link two or more units or departments at the same level of the organization.
- a. Teams
  - b. Liaison roles
  - c. Thick cultures
  - d. Thin cultures
  - e. Information systems
- B
40. Which one of the following is true about a mechanistic organization?
- a. It has low vertical and horizontal complexity.
  - b. It has low formalization.
  - c. It has low centralization.
  - d. It has a narrow span of control.
  - e. None of the above are true.
- D

41. The design of an organization can have two meanings: one describes the process of setting up or changing the organization, the other refers to
- a. re-engineering the organization.
  - b. redesigning the organization.
  - c. the appearance of the organization.
  - d. the process of creating the organizational chart.
  - e. none of the above.
- C
42. Which of the following is true regarding the relationship between organization design and structure?
- a. They are essentially equivalent.
  - b. Organization design is a broader concept that includes structure.
  - c. Structure is a broader concept that includes organization design.
  - d. They are totally different and unrelated concepts.
  - e. Once the structure is determined, organization design follows.
- B
43. Organizations create officially-sanctioned structures known as the formal or \_\_\_\_\_ organization.
- a. de facto
  - b. informal
  - c. sanctioned
  - d. de jure
  - e. virtual
- D
44. The informal organization, also known as the \_\_\_\_\_ organization, is not necessarily sanctioned, but is a result of the political nature of organizations.
- a. de facto
  - b. hierarchical
  - c. unsanctioned
  - d. de jure
  - e. virtual
- D



45. Vertical differentiation refers to the division of work by level of authority or hierarchy. This is often referred to as the:
- a. bifurcation process.
  - b. de facto process.
  - c. informal division process.
  - d. broadbanding process.
  - e. scalar process.
- E
46. Some companies claim that the use of mobile offices increases the amount of time employees spend with customers by what percentage?
- a. 5-10%
  - b. 15-20%
  - c. 30-40%
  - d. 40-50%
  - e. Over 50%
- B
47. The work of Weber and Taylor suggested that tasks should be:
- a. highly differentiated.
  - b. broad in scope.
  - c. narrow in manufacturing, but broad in service-related industries.
  - d. as complex as the average worker could comprehend.
  - e. both c & d.
- A
48. Recently, managers and theorists have concluded what about high degrees of differentiation?
- a. That it is the most effective way to organize manufacturing companies.
  - b. That the dismal performance of U.S. companies in the 1970's can be attributed to failure to adhere to this principle.
  - c. That narrow tasks are de-motivating and not necessarily efficient.
  - d. That differentiation works well in service industries but not manufacturing.
  - e. Both a & c.
- C

49. Which of the following is not considered an informal means for integration?
- a. Liaison Roles
  - b. Organizational charts
  - c. Teams
  - d. Culture
  - e. Information systems
- B
50. Decision making can be either \_\_\_\_\_, with decision-making authority vested in top management, or \_\_\_\_\_, with decision-making authority vested in lower level employees.
- a. hierarchical, autonomous
  - b. hierarchical, decentralized
  - c. centralized, decentralized
  - d. planned, spontaneous
  - e. upward, downward
- C
51. The concepts of \_\_\_\_\_ and design are closely related.
- a. structure
  - b. strategy
  - c. formality
  - d. differentiation
  - e. integration
- A
52. On organizational charts, typically each point represents a position in the organization occupied by:
- a. a division.
  - b. a department.
  - c. one person.
  - d. a manufacturing cell.
  - e. the CEO.
- C

53. The informal organization is the result of the \_\_\_\_\_ of (in) organizations.
- a. grapevine
  - b. political nature
  - c. labor movement
  - d. strategic plan
  - e. none of the above
- B
54. Just as organizations split up work, they must also coordinate this work. This coordination is called:
- a. structure.
  - b. integration.
  - c. formality.
  - d. differentiation.
  - e. strategy.
- B
55. A modern hospital incorporates the many aspects of \_\_\_\_\_ in its organizational structure.
- a. vertical integration
  - b. vertical differentiation
  - c. horizontal integration
  - d. horizontal differentiation
  - e. telecommuting
- D
56. The Union Pacific Railroad, under its CEO Mike Walsh, reduced its layers in the Operations Department from nine to \_\_\_\_\_.
- a. six.
  - b. five.
  - c. four.
  - d. two.
  - e. Walsh totally eliminated the department.
- B

57. According to the International Telework Association and Council over \_\_\_\_\_ million people worked as telecommuters in 1999.
- a. 5.6
  - b. 16.6
  - c. 19.6
  - d. 26.6
  - e. 35.6
- C
58. Which of the following is a concern about workers working at home identified in the text?
- a. Overwork
  - b. Underpay
  - c. Lack of health care
  - d. Lack of child care options
  - e. All of the above are concerns that were expressed.
- A
59. Recently there has been much controversy over regulation of the home working environment. Congress had to clarify the law to prevent \_\_\_\_\_ from doing home inspections.
- a. IRS
  - b. FBI
  - c. Local governments
  - d. OSHA
  - e. None of the above
- D
60. Managers and theorists have questioned the value of a high degree of \_\_\_\_\_ where narrow, simple tasks are demotivating.
- a. bureaucracy
  - b. vertical integration
  - c. broadbanding
  - d. job enrichment
  - e. differentiation
- E

61. An example of a company that uses the broadbanding concept is \_\_\_\_\_.
- a. Saturn.
  - b. The Limited.
  - c. OSHA.
  - d. McDonald's.
  - e. Both c and d.
- A
62. An example of a company that may over-control its spending decisions is American Home Products. The president may need to approve spending decisions as small as:
- a. \$200.
  - b. \$800.
  - c. \$1000.
  - d. \$1500.
  - e. \$2000
- D
63. The old rule of thumb regarding span of control was that a supervisor should not supervise more than \_\_\_\_\_ subordinates.
- a. 20-25
  - b. 11-13
  - c. 5-7
  - d. 4-6
  - e. 2-5
- C
64. Which one of the following is not a factor in determining span of control according to modern theory?
- a. The ability and expertise of the manager.
  - b. The ability and expertise of subordinates.
  - c. The nature of the task being performed by subordinates.
  - d. The spatial differentiation of supervisors and subordinates.
  - e. All of the above are important factors.
- E

65. What did McDonald's do in Moscow to ensure consistency of raw materials?
- a. Purchased all products in the USA.
  - b. Taught local farmers to grow potatoes and raise beef that met their standards.
  - c. Limited their menu to local favorite recipes.
  - d. Since the quality was poor, they had to close their restaurants.
  - e. Purchased products through the government.
- B
66. In the past decade, the trend has been towards \_\_\_\_\_.
- a. less specialization
  - b. more specialization
  - c. not changing specialization levels because it is too disruptive
- A

## ESSAY QUESTIONS

67. You have been hired as a consultant to help a new CEO bring her company up to date. She graduated with an MBA in 1982, and she is interested in knowing about recent developments in organization theory that would help her as she begins to consider redesigning the company. What are three recent trends or issues that would help her? Identify and describe each one.

There are many possible trends and issues. Some of the more important ones covered in this chapter include:

- 1) Products and services have become more complex. The organizations delivering those products and services must adjust to this new world.
- 2) There has been a trend towards less specialization and more broadbanding.
- 3) The rise of the mobile office and telecommuting.
- 4) The delayering of management and moving towards larger spans of control.
- 5) The trend towards decentralization and giving lower level employees more decision making authority.
- 6) Abandoning the old rule of thumb regarding span of control of 5-7 and using a contingency approach in deciding the appropriate span of control. That having been said, the trend does seem to be towards larger spans of control.

- 7) Use of more standardization in certain industries, such as fast food, to assure consistent service.
  - 8) Ongoing move towards TQM.
  - 9) More team-based management.
  - 10) Use of information systems to help organizations achieve integration.
68. Telecommuting is a hot new trend. Even though it is popular with both employers and employees, what are some potential problems it poses for managers?

Telecommuting can be problematic in a number of ways.

- 1) If close supervision is required, it is much more difficult to do over the net or via the phone. If tasks are relatively independent, this does not pose much of a problem, but if the nature of the work means it has to be integrated back into the larger product, this presents difficulties. Fortunately, new software solutions are attempting to address some of those issues.
- 2) The nature of the supervisor and the superior can either make it work or cause difficulties. There has to be a high level of trust and competence on both sides. Workers who are self-starters and supervisors who can trust this sort of arrangement are more likely to succeed. As outlined in chapter one, agency theory indicates there needs to be a system of checks.
- 3) Employers and some employees are concerned about overwork. If employees work at home, they may have a difficult time separating work from their personal life.
- 4) There is growing concern about safety issues in the home. Since the government cannot control working conditions in the home like they can in the regular company office, unsafe conditions may abound. This might involve customers coming into the home, storage of hazardous products, and children being injured.

(Of course, there are numerous other acceptable answers. The question could be modified to look at both pros and cons of the mobile office.)