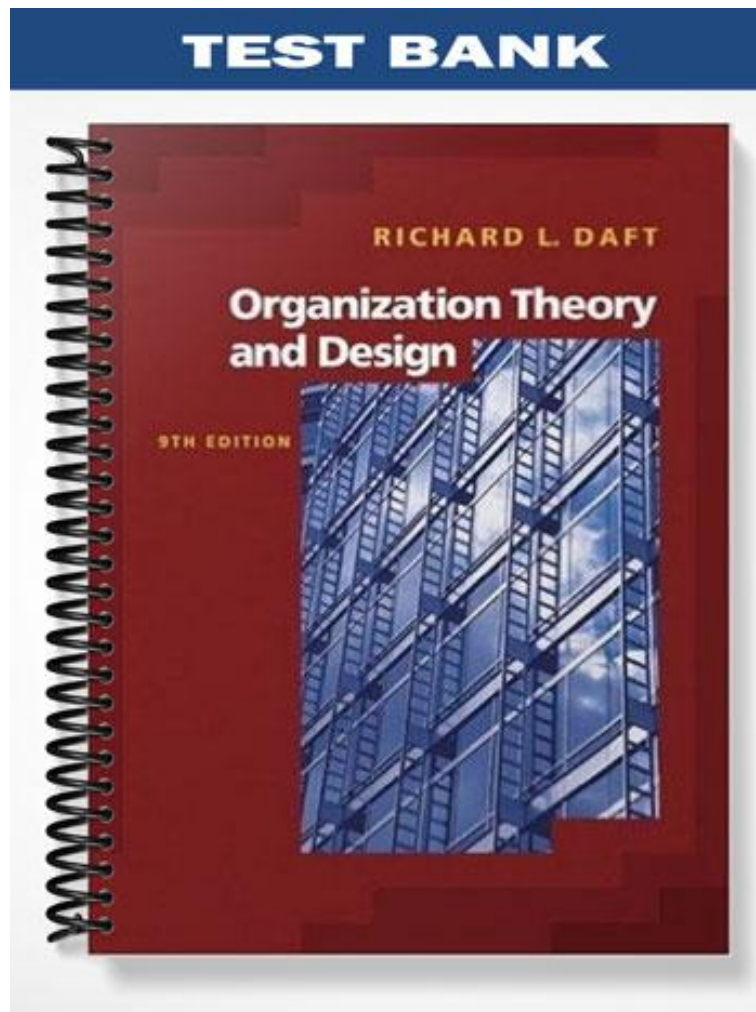# TEST BANK

RICHARD L. DAFT

**Organization Theory
and Design**

9TH EDITION

CHAPTER ONE
ORGANIZATIONS AND ORGANIZATION THEORY

MULTIPLE CHOICE

1.   The definition of "organization" is:
   a.   A goal-directed entity that has members who set goals and achieve them through strategic planning.
   b.   An entity with identifiable permanent boundaries.
   c.   A social entity that is goal-directed, has a deliberately-structured activity system, and a permeable boundary.
   d.   A business that performs work activities and contributes to its society by employing people.
   ANSWER: c

2.   The key element of an organization is it's
   a.   buildings and policies.
   b.   people and their relationships.
   c.   profits.
   d.   facilities location.
   ANSWER: b

3.   Financial resources for nonprofit organizations usually come from all of the following *except*
   a.   the sale of competitor's products or services.
   b.   grants.
   c.   government appropriations.
   d.   donations.
   ANSWER: a

4.   Non-profit organization managers deal with many diverse shareholders and must market their services to all of the following *except*
   a.   donors.
   b.   shareholders.
   c.   clients.
   d.   volunteers.
   ANSWER: b

5.   The importance of organizations includes all of the following concepts *except:*
        a.   Create value for owners, customers, and employees
        b.   Establishing important relationships with the government
        c.   Facilitate innovation
        d.   Bring together resources for achieving desired goals and outcomes
        ANSWER: b

6.   Organizations exist to do which of the following?
        a.   Bring in a profit
        b.   Develop advanced manufacturing and information technologies
        c.   Challenge diversity, ethics, and the motivation and coordination of employees
        d.   Facilitate innovation
        ANSWER: d

7.   Organizations create a drive for _____ rather than reliance on standard products and
        outmoded ways of doing things.
        a.   profitability
        b.   fixed structures
        c.   innovation
        d.   developing change
        ANSWER: c

8.   An open system:
        a.   Means that the financial books and records are shared with employees.
        b.   Exports resources to the environment.
        c.   Has all the energy it needs within itself.
        d.   Was the basis for early management concepts such as scientific management.
        ANSWER: b

9.   The organization should be viewed as a system which is a set of interrelated elements
        that:
        a.   Acquires inputs, transforms them, and discharges outputs.
        b.   Is independent from the environment.
        c.   Should be sealed off from the environment.
        d.   Focuses primarily on internal efficiency.
        ANSWER: a

10.   The surgery department in a hospital would belong to which subsystem:
        a.   Production
        b.   Boundary spanning
        c.   Maintenance
        d.   Management
        ANSWER: a

11. Organizational subsystems include which of the following:
    a. Boundary subsystems responsible for exchanges with the external environment.
    b. Maintenance subsystems responsible for keeping production facilities in operating order.
    c. Human subsystems that serve as employees.
    d. Technical subsystems that become the basis for information processing.
    ANSWER: a

12. The technical core refers to:
    a. The computer hardware that runs information processing in the organization.
    b. The people who do the basic work of the organization, producing product and service outputs.
    c. Administrators who run the organization.
    d. Top management that has been promoted from within and thereby knows the inner core of organizational processes.
    ANSWER: b

13. Mintzberg's five basic parts of an organization include all except which of the following:
    a. Administrative support.
    b. Middle management.
    c. Technical support.
    d. Computer infrastructure.
    ANSWER: d

14. An open system and its subsystem are characterized by:
    a. A transformation process that involves production, maintenance, adaptation, and management
    b. An input selection that is known for being so accurate that it can be closed
    c. Output criteria that are subjective.
    d. Boundary spanning that connects employees to products to organizational subsystems.
    ANSWER: a

15. Functions such as human resources, organizational development, the employee cafeteria, and maintenance staff refer to which of the following five basic parts of an organization:
    a. Technical support.
    b. Human infrastructure.
    c. Administrative support.
    d. None of the above.
    ANSWER: c

16. _____ is the subsystem responsible for directing and coordinating other parts of the organization.
    a. The technical core
    b. Management
    c. Human Resources
    d. Accounting
    ANSWER: b

17. Contextual dimensions:
    a.   Represent only the external environment.
    b.   Are centralization and personnel ratios.
    c.   Represent only the organization characteristics.
    d.   Include size and environment.
    ANSWER: d

18. Which of the following provides labels to describe the internal characteristics of an organization?
    a.   Contextual dimensions
    b.   Contingency analysis
    c.   Organizational dynamics
    d.   Structural dimensions
    ANSWER: d

19. The 385-page book that McDonald's uses to describe all rules and procedures in each of its stores best represents which of the following dimensions:
    a.   Learning theory.
    b.   Sequential interdependence.
    c.   Formalization.
    d.   Specialization.
    ANSWER: c

20. The degree to which organizational tasks are subdivided into separate jobs is referred to as
    a.   formalization.
    b.   specialization.
    c.   professionalism.
    d.   centralization.
    ANSWER: b

21. _____ refer to the deployment of people to various functions and departments.
    a.   Professionalism
    b.   Specialization
    c.   Personnel ratios
    d.   Hierarchy of authority
    ANSWER: c

22. Which of the following concerns how the organization actually produces the products and services it provides for customers and includes flexible manufacturing, advanced information systems, and the Internet?
    a.   Size of the organization
    b.   Organizational technology
    c.   Organizational goals
    d.   Organizational culture
    ANSWER: b

23. Which of the following is a contextual, rather than a structural dimension of an organization?
a. Labor force
b. Culture
c. Professionalism
d. Centralization
ANSWER: b

24. Compare W.L. Gore Associates with Wal-Mart (In Practice activity). These two companies illustrate the concept that:
a. Larger organizations need to have tight controls at the top.
b. Successful organizations can have very different strategies and goal emphases.
c. A moderate to high level of formalization is crucial to an organization's success.
d. Centralization is necessary in organizations when they face high levels of competition.
ANSWER: b

25. _____ is the degree to which an organization achieves its goals.
a. Effectiveness
b. Efficiency
c. Organizational strategy
d. Stakeholder profitability
ANSWER: a

26. Which of the following integrates diverse organizational activities by looking at various organizational stakeholders and what they want from the organization?
a. Effectiveness
b. Organizational culture
c. Efficiency
d. Stakeholder approach
ANSWER: d

27. Scientific management, pioneered by Frederick Taylor, claimed that decisions about organizations and job design should be based on:
a. Precise, scientific procedures after careful study of individual situations.
b. The insights of practitioners.
c. Leadership, motivation, and human resource management.
d. Management theory.
ANSWER: a

28. Scientific management was:
a. Pioneered by Henri Fayol.
b. An outgrowth of the Hawthorne studies which found that people performed best in an environment of clearly specified, narrow job task.
c. Focused on effectiveness rather than efficiency.
d. Successful at increasing output, in part through the use of incentive systems.
ANSWER: d

29.   _____ emphasized designing and managing organization on an impersonal, rational basis through such elements as clearly defined authority and responsibility, formal record keeping, and uniform application of standard rules.
   a.   Hawthorne Studies
   b.   Scientific management
   c.   Bureaucratic organizations
   d.   Contingency theory
   ANSWER: c

30.   Interpretations of _____ concluded that positive treatment of employees improved their motivation and productivity.
   a.   bureaucratic organizations
   b.   stakeholder approaches
   c.   scientific management
   d.   Hawthorne Studies
   ANSWER: d

31.   Contingency means that:
   a.   Organizations should be structured loosely.
   b.   Management structure is determined by the era or times.
   c.   One thing depends on other things, such as structure depending on environment.
   d.   The key contingent of workers should be college graduates.
   ANSWER: c

32.   John Black, a management consultant, successfully implemented and MBO program on his first consulting job. He now recommends MBO to all his clients. In so doing, our text would say the main point is that he is ignoring:
   a.   The latest techniques for solving problems.
   b.   The principles of contingency theory.
   c.   The external environment of the organization.
   d.   The internal environment of the organization.
   ANSWER: b

33.   The learning organization:
   a.   Places high value on problem solving.
   b.   Emphasizes training as the essential value.
   c.   Engages people in sessions focused on finding maximum organizational efficiency.
   d.   Is most effective when the organization's environment is recognized as stable.
   ANSWER: a

34. In today's world, savvy managers recognize:
    a. They cannot measure, predict or control their environment.
    b. Centralized structures help them to cope with organizational demands.
    c. They do the "thought" work while employees perform their labor.
    d. Leadership is based on thoroughness of written documents.
    ANSWER: a

35. Which of the following is not an element of organizational design?
    a. Structure
    b. Systems
    c. Technological advances
    d. Tasks
    ANSWER: c

36. In a learning organization, the _____ encourages openness, equality, continuous improvement, and change.
    a. tasks
    b. culture
    c. strategy
    d. structure
    ANSWER: b

37. The study of organization behavior is:
    a. Different from the study of organization theory because of a different focus.
    b. The same thing as the study of organization theory.
    c. An "umbrella" that encompasses the study of organization theory.
    d. A subset of organization theory.
    ANSWER: a

38. The study of organization behavior is:
    a. The same as the study of organization theory.
    b. A macro analysis of the whole organization.
    c. Focus on people, structure, and environment.
    d. A micro approach focusing on the individual.
    ANSWER: d

39. The primary level of analysis in organization theory is on the _____, with some concern for the _____ and the _____.
    a. departments, employees, environment
    b. organization, environment, departments
    c. environment, organization, departments
    d. organization, environment, individual
    ANSWER: b

TRUE / FALSE

1. A key element of an organization is a building or set of policies and procedures, not the people and their relationships.
    ANSWER: False

2. A closed system would be autonomous, enclosed, and sealed off from the outside world, whereas consumes resources and exports resources to the environment.
    ANSWER: True

3. Outputs of an organization include employees, raw materials and other physical resources, information, and financial resources.
    ANSWER: False

4. In the transformation process, "output" deals with financial resources.
    ANSWER: False

5. The amount of written documentation in the organization is called formalization.
    ANSWER: True

6. An organization's culture is usually contained in the written policy manual.
    ANSWER: False

7. The six structural dimensions of organization design are formalization, specialization, culture, environment, hierarchy of authority, professionalism, and goals and strategy.
    ANSWER: False

8. The underlying set of key values, beliefs, understandings, and norms shared by employees is referred to as an organization's culture.
    ANSWER: True

9. Common structural variables studied as dimensions of organizations are goals, culture, and environment.
    ANSWER: False

10. The eleven contextual and structural dimensions are not dependent on each other.
    ANSWER: False

11. Efficiency refers to the amount of resources used to achieve the organization's goals, whereas effectiveness refers to the degree to which an organization achieves its goals.
    ANSWER: True

12. The stakeholder approach integrates diverse organizational activities by looking at various organizational stakeholders and what they want from the organization.
    ANSWER: True

13. Usually, organizations can easily satisfy the demands of all of its stakeholders simultaneously.
ANSWER: False

14. Research has shown that the assessment of multiple stakeholder groups is an accurate reflection of organizational effectiveness, especially with respect to organizational adaptability.
ANSWER: True

15. The classical perspective of organization design sought to make organizations run like learning organizations in a turbulent environment.
ANSWER: False

16. Scientific management focused on the total organization and grew from the insights of practitioners.
ANSWER: False

17. Scientific management focused on primarily the technical core, whereas administrative principles focused on the design and functioning of the organization as a whole.
ANSWER: True

18. Because of the Hawthorne Studies, a revolution in worker treatment took place and laid the groundwork for subsequent work examining treatment of workers, leadership, motivation, and human resource management.
ANSWER: True

19. Contingency means that one thing depends on other things, and for organizations to be effective, there must be a "goodness of fit" between their structure and the conditions of their external environment.
ANSWER: True

20. For much of the twentieth century, organizations operated in a world that was relatively stable, but today the environment can be characterized as turbulent.
ANSWER: True

21. Organizations today have rigid boundaries separating them from other organizations.
ANSWER: False

22. In the learning organization, the vertical structure that creates distance between managers at the top and workers in the technical core is disbanded.
ANSWER: True

23. In the learning organization, everyone knows how the organization works and how everything fits together.
ANSWER: True

24.   The primary level of analysis in organization theory is first line supervision.
        ANSWER: False

25.   Organization theory is a macro examination of organizational activity, emphasizing
        structure and behavior of the organization level of analysis.
        ANSWER: True

ESSAY

1.   List the seven reasons organizations exist.

2.   Define an open system. Describe and illustrate the open system in action.

3.   What is meant by saying that an organization is a "system?"

4.   Henry Mintzberg suggests that there are five parts to every organization. List and
        describe each of these five parts.

5.   Name and define any two structural dimensions and any two contextual dimensions.

6.   Describe the difference between formalization and specialization. Is it possible for an
        organization to be high in one and low in the others or vice versa?

7.   Define effectiveness and discuss why it is sometime difficult for organizations to be
        effective.

8.   Define "organization theory" from several perspectives that were discussed in the first
        chapter.

9.   What are the levels of analysis that are studied in organization theory? Using any
        organization with which you are familiar, state one fact about each level of analysis in that
        particular organization.

10.   Define and describe how scientific management should be used.

11.   Discuss why the Hawthorne Studies are so important to today's organizations and their
        workers.

12.   What is the difference between organization theory and organization behavior?

13.   Discuss the chaos theory.

14.   What is the example most outstanding in your mind that accurately illustrates the reality
        of a learning organization?

15.   Compare and contrast traditional organizations and learning organizations.

16.   Describe the learning organization in terms of its five elements of organization design: structure, tasks, systems, culture, and strategy.

17.   What is the role of administrative principles in the era of learning organizations?

18.   What are the four levels of analysis? Describe each level.

19.   You are in a job interview, and the interviewer is looking over your transcript. He says, "Oh, I see that you took a course in organization theory and design. What is that all about?" What do you answer?

20.   Defend this statement: Diversity is a fact of life that no organization can afford to ignore.