

Foundations of organization structure



(b; Easy; p. 452-453) 4. The degree to which tasks are subdivided into separate jobs is termed: a. departmentalization. b. decentralization. c. work specialization. d. structure.(c; Moderate; p. 452-453) 5. In the late 1940s, most manufacturing jobs in industrialized countries were being done with high:

- a. departmentalization.
- b. decentralization.
- c. work specialization.
- d. structuralization.

(c; Moderate; p. 453)

6. For much of the first half of the 20th century, managers viewed _____ as an unending source of increased productivity.

- a. departmentalization
- b. formalization
- c. work specialization
- d. automation

(c; Moderate; p. 454)

7. Which one of the following components of organizational structure specifically defines where decisions are made?

- a. complexity/simplicity

- b. formalization/informalization
- c. centralization/decentralization
- d. specialization/enlargement

(c; Moderate; Exh 15-1; p. 453)

8. The basis by which jobs are grouped together is termed:

- a. departmentalization.
- b. bureaucracy.
- c. specialization.
- d. centralization.

(a; Easy; Exh. 15-1; p. 453)

9. Grouping jobs on the basis of function, product, geography, process, or customer is a form of:

- a. departmentalization.
- b. specialization.
- c. centralization.
- d. bureaucracy.

(a; Moderate; p. 454)

10. One of the most popular ways to group activities is by:

- a. product.

b. function.

c. geography.

d. process.

(b; Challenging; p. 454)

11. Proctor & Gamble departmentalizes by Tide, Pampers, Charmin, and Pringles. This is an example of departmentalization by:

a. function.

b. process.

c. geography.

d. product.

(d; Easy; p. 455)

12. A plant manager who organizes the plant by separating engineering, accounting, manufacturing, personnel, and purchasing into departments is practicing ____ departmentalization.

a. target customer

b. product

c. functional

d. geographic

(c; Moderate; p. 454)

13. ____ departmentalization achieves economies of scale by placing people with common skills and orientations into common units.

- a. Functional
- b. Process
- c. Product
- d. Geographic

(a; Moderate; p. 454)

14. At an Alcoa aluminum tubing plant in New York, production is organized into five departments: casting; press; tubing; finishing; and inspecting; packing; and shipping. This is

- a. functional departmentalization.
- b. process departmentalization.
- c. product departmentalization.
- d. none of the above.

(b; Moderate; p. 455)

15. The unbroken line of authority that extends from the top of the organization to the lowest echelon and clarifies who reports to whom is termed:

- a. chain of command.

b. authority.

c. span of control.

d. unity of command.

(a; Moderate; p. 456)

16. The right inherent in a managerial position to give orders and expect orders to be obeyed is termed:

a. chain of command.

b. authority.

c. power.

d. unity of command.

(b; Moderate; p. 456)

17. The ____ principle helps preserve the concept of an unbroken line of authority.

a. span of control

b. chain of command

c. unity of command

d. centralization

(c; Moderate; p. 456)

18. The ____ principle states that a person should have one and only one superior to whom he or she is directly responsible.

- a. span of control
- b. chain of command
- c. unity of command
- d. authority

(c; Moderate; p. 456)

19. The ____ refers to the number of subordinates a manager can efficiently and effectively direct.

- a. span of control
- b. unity of command
- c. chain of command
- d. decentralization principle

(a; Moderate; p. 456)

20. Which of the following is a drawback of a narrow span of control?

- a. It reduces effectiveness.
- b. It is more efficient.

c. It encourages overly tight supervision and discourages employee autonomy.

d. It empowers employees.

(c; Challenging; p. 457)

21. Which of the following is not a drawback of a narrow span of control?

It is expensive.

It makes vertical communication in the organization more complex.

Supervisors may lose control of their employees.

It encourages overly tight supervision.

(c; Challenging; p. 457)

22. The trend in recent years has been toward:

narrower spans of control.

wider spans of control.

a span of control of four.

an ideal span of control of six to eight.

(b; Moderate; p. 457)

23. If you have a narrow span of control, you have a(n) _____ organization.

efficient

short

tall

matrix

(c; Moderate; p. 457)

24. ____ are consistent with recent efforts by companies to reduce costs, cut overhead, speed up decision making, increase flexibility, get closer to customers, and empower employees.

Wider spans of control

Narrower spans of control

Matrix structures

Simple structures

(a; Moderate; p. 457)

25. The best definition for centralization is:

decision making is pushed down to lower level employees.

decision making is concentrated at a single point in the organization.

decision making depends on the situation.

decision making is done in each department and then sent to the president for the final decision.

(b; Moderate; p. 458)

26. In an organization that has high centralization:

- a. the corporate headquarters is located centrally to branch offices.
- b. all top level officials are located within the same geographic area.
- c. top managers make all the decisions and lower level managers merely carry out directions.
- d. action can be taken more quickly to solve problems.

(c; Moderate; p. 457-458)

27. The more that lower-level personnel provide input or are actually given the discretion to make decisions, the more _____ there is.

- a. centralization
- b. decentralization
- c. work specialization
- d. departmentalization

(b; Moderate; p. 458)

28. If a job is highly formalized, it would not include which of the following?

- a. clearly defined procedures on work processes
- b. explicit job description
- c. high employee job discretion
- d. a large number of organizational rules

(c; Moderate; p. 458)

29. Explicit job descriptions, lots of rules, and clearly defined procedures concerning work processes are consistent with:

- a. high formalization.
- b. high specialization.
- c. high centralization.
- d. bureaucracy.

(a; Moderate; p. 458)

30. Employee discretion is inversely related to:

- a. complexity.
- b. standardization.
- c. specialization.
- d. departmentalization.

(b; Challenging; p. 458-459)

Common Organizational Designs

31. Which of the following is not a common organizational design?

simple structure

bureaucracy

centralized structure

matrix structure

(c; Moderate; p. 459)

32. The ____ is characterized by a low degree of departmentalization, wide spans of control, authority centralized in a single person, and little formalization.

- a. bureaucracy
- b. matrix organization
- c. simple structure
- d. team structure

(c; Moderate; p. 460)

33. Which one of the following is consistent with a simple structure?

- a. high centralization
- b. high horizontal differentiation
- c. high employee discretion
- d. standardization

(a; Moderate; p. 460)

34. The ____ is a flat organization.

bureaucracy

centralized structure

matrix structure

none of the above

(d; Moderate; p. 460)

35. Simple structures are characterized by:

- a. shared authority.
- b. a narrow span of control.
- c. standardization.
- d. a low degree of departmentalization.

(d; Moderate; p. 460)

36. This is most widely practiced in small businesses.

simple structure

standardization

centralized structure

span of control

(a; Easy; p. 460)

37. The bureaucracy is characterized by all of the following except:

- a. highly routine operating tasks.
- b. formalized rules and regulations.

- c. tasks that are grouped into functional departments.
- d. decentralized decision making.

(d; Moderate; p. 461)

38. The key underlying all bureaucracies is:

- a. flexibility.
- b. standardization.
- c. dual lines of authority.
- d. wide span of control.

(b; Easy; p. 460)

39. The ___ is characterized by highly routine operating tasks achieved through specialization.

simple structure

bureaucracy

centralized structure

matrix structure

(b; Moderate; p. 461)

40. The strength of the simple structure lies in its:

efficiency.

simplicity.

centralization.

span of control.

(b; Easy; p. 460)

41. Which of the following is not a weakness of the simple structure?

It is risky.

information overload

There is little unity of command.

slower decision making

(c; Moderate; p. 460)

42. The structure that creates dual lines of authority and combines functional and product departmentalization is the:

a. organizational structure.

b. bureaucracy.

c. matrix structure.

d. virtual organization.

(c; Moderate; p. 462)

43. The matrix structure combines which two forms of departmentalization?

a. process and functional

b. functional and product

c. product and process

d. none of the above

(b; Challenging; p. 462)

44. The ____ violates the unity of command concept.

a. simple structure

b. virtual structure

c. matrix structure

d. team structure

(c; Challenging; p. 462)

45. Which one of the following problems is most likely to occur in a matrix structure?

a. decreased response to environmental change

b. decreased employee motivation

c. loss of economies of scale

d. employees receiving conflicting directives

(d; Moderate; p. 463)

46. The strength of the matrix structure is its:

a. ability to facilitate coordination.

b. economies of scale.

c. adherence to chain of command.

d. standardization.

(a; Moderate; p. 463)

47. The major disadvantage of the matrix structure is:

a. the confusion it creates.

b. its propensity to foster power struggles.

c. the stress it places on individuals.

d. all of the above

(d; Challenging; p. 463)

New Design Options

48. The primary characteristics of the _____ structure are that it breaks down departmental barriers and decentralizes decision making to the level of the work team.

a. virtual

b. team

c. boundaryless

d. organizational

(b; Moderate; p. 463-464)

49. In larger organizations, the team structure complements what is typically

a:

virtual organization.

bureaucracy.

formal structure.

boundaryless organization.

(b; Challenging; p. 464)

50. A small, core organization that outsources major business functions is the ____ organization.

a. team

b. virtual

c. boundaryless

d. matrix

(b; Moderate; p. 464)

51. The ____ is also called the network or modular organization.

virtual organization

team structure

pyramid

boundaryless organization

(a; Moderate; p. 464)

52. The prototype of the virtual structure is today's:

appliance manufacturers.

movie-making organizations.

fast-food restaurants.

software companies.

(b; Challenging; p. 464)

53. The major advantage of the virtual organization is its:

a. control.

b. predictability.

c. flexibility.

d. empowerment.

(c; Moderate; p. 465)

54. The ____ organization stands in sharp contrast to the typical bureaucracy that has many vertical levels of management and where control is sought through ownership.

a. virtual

b. team

c. limitless

d. matrix

(a; Moderate; p. 465)

55. The boundaryless organization relies heavily on:

information technology.

functional and product departmentalization.

the simple structure.

none of the above.

(a; Moderate; p. 466)

56. An organization that seeks to eliminate the chain of command, have limitless spans of control, and replace departments with empowered teams is the:

a. virtual organization.

b. boundaryless organization.

c. matrix organization.

d. team structure.

(b; Moderate; p. 466)

57. The one common technological thread that makes the boundaryless organization possible is:

- a. reengineering.
- b. MBA's.
- c. networked computers.
- d. mainframes.

(c; Moderate; p. 468)

Why Do Structures Differ?

58. The _____ is a structure characterized by extensive departmentalization, high formalization, a limited information network, and centralization.

- a. mechanistic model
- b. organic model
- c. traditional model
- d. bureaucracy organization

(a; Moderate; p. 468)

59. Which of the following is not a characteristic of a mechanistic structure?

- a. extensive departmentalization
- b. high formalization
- c. limited information network
- d. flexibility

(d; Easy; p. 468)

60. If there is low formalization, a comprehensive information network, and high participation in decision making, one would expect a(n):

- a. simple structure.
- b. mechanistic structure.
- c. organic structure.
- d. stable structure.

(c; Challenging; p. 468-469)

61. All of the following are characteristics of the organic model except:

- a. cross-functional teams.
- b. cross-departmentalization.
- c. cross-hierarchical teams.
- d. high participation.

(b; Moderate; p. 468-469)

62. Which of the following is not a determinant of an organization's structure?

strategy

organization size

innovation

technology

(c; Moderate; p. 469-472)

63. Changes in corporate strategy precede and lead to:

- a. changes in the environment.
- b. better communication.
- c. increased productivity.
- d. changes in an organization's structure.

(d; Challenging; p. 469)

64. A strategy that emphasizes the introduction of major new products and services is a(n) _____ strategy.

- a. innovation
- b. enhancement
- c. progressive
- d. organic

(a; Moderate; p. 469)

65. The innovation strategy is characterized by:

- a. unorthodox structures.
- b. a mixture of loose with tight properties.
- c. low specialization and low formalization.

d. high technology.

(c; Moderate; p. 469)

66. ____ refers to how an organization transfers its inputs into outputs.

Production

Technology

Operations

Process

(b; Challenging; p. 470)

67. Which of the following is not part of the organization's environment?

public pressure groups

customers

technology

competitors

(c; Moderate; p. 471)

68. The ____ of an environment refers to the degree to which it can support growth.

a. capacity

b. qualifications

c. potential

d. capability

(a; Moderate; p. 472)

69. ____ refers to the degree of instability of an environment.

a. Instability

b. Volatility

c. Irregularity

d. Unpredictability

(b; Moderate; p. 472)

70. Three key dimensions to any organization's environment have been found. Which of the following is not one of these key dimensions?

a. volatility

b. capability

c. complexity

d. capacity

(b; Moderate; p. 472)

71. The ____ of an environment refers to the degree of heterogeneity and concentration among environmental elements.

a. density

b. simplicity

c. complexity

d. intricacy

(c; Moderate; p. 472)

Organization Designs and Employee Behavior

72. Which of the following generalizations about organizational structures and employee performance and satisfaction is most true?

a. There is fairly strong evidence linking decentralization and job satisfaction.

b. It is probably safe to say that no evidence supports a relationship between span of control and employee performance.

c. The evidence generally indicates that work specialization contributes to lower employee productivity.

d. No one wants work that makes minimal intellectual demands and is routine.

(b; Challenging; p. 474)

73. There is research evidence to suggest that:

a. employees with high self-esteem are more satisfied with decentralized organizations.

b. a manager's job satisfaction increases along with the number of employees he or she supervises

c. centralized organizations tend to have more satisfied employees.

d. a manager's job satisfaction is inversely related to the number of employees he or she supervises

(b; Challenging; p. 474)

TRUE/FALSE

74. Organizations have different structures, but the structure has little bearing on employee attitudes and behavior.

(False; Easy; p. 452)

What is Organizational Structure?

75. Specialization defines how job tasks are formally defined, grouped, and coordinated.

(False; Moderate; p. 452)

76. Managers need to address six key elements when they design their organization's structure: work specialization, departmentalization, chain of command, chain of control, centralization and decentralization, and formalization.

(False; Challenging; p. 452)

77. The degree to which tasks in the organization are subdivided into separate jobs is termed departmentalization.

(False; Moderate; p. 452-453)

78. Work specialization and division of labor are the same thing.

(True; Easy; p. 452-453)

79. Work specialization may result in employee boredom, stress, and absenteeism.

(True; Easy; p. 454)

80. For much of the first half of this century, managers viewed departmentalization as an unending source of increased productivity.

(False; Moderate; p. 454)

81. The strength of functional departmentalization is putting similar specialists together.

(True; Moderate; p. 454)

82. Only one form of departmentalization can effectively be implemented in an organization at a time.

(False; Moderate; p. 455)

83. The inherent right in a managerial position to give orders and expect the orders to be obeyed is termed power.

(False; Moderate; p. 456)

84. Departmentalization answers questions for employee such as “ To whom do I go if I have a problem?”

(False; Moderate; p. 456)

85. The unbroken line of authority that extends from the top of the organization to the lowest echelon is termed the command line of authority.

(False; Easy; p. 456)

86. The principle of unity of command suggests that managers should support one another.

(False; Easy; p. 456)

87. The trend in recent years has been toward wider spans of control.

(True; Easy; p. 457)

88. Span of command determines the number of levels and managers an organization has.

(False; Moderate; p. 456)

89. All things being equal, the wider or larger the span, the more profitable the organization.

(False; Challenging; p. 456)

90. Flat organizational structures result from narrow spans of control.

(False; Challenging; Exh. 15-3; p. 457)

91. Narrow spans of control can result in lack of supervision, causing performance to suffer.

(False; Moderate; p. 457)

92. Having too many people report to you can undermine your effectiveness.

(True; Easy; p. 457)

93. The more that lower-level personnel provide input or are actually given the discretion to make decisions, the more decentralized the organization.

(True; Moderate; p. 458)

94. A decentralized organization is more likely to result in a feeling of alienation by employees than a centralized organization.

(False; Challenging; p. 458)

95. There has been a marked trend toward centralized decision making.

(False; Moderate; p. 458)

96. Increase in the number of rules and regulations results in increased formalization.

(True; Easy; p. 458-459)

97. The greater the formalization, the more input an employee has into how his or her work is done.

(False; Challenging; p. 458)

98. Autonomy and formalization are positively related.

(False; Moderate; p. 458)

Common Organizational Designs

99. The simple structure is flexible and inexpensive to maintain, but the chain of command is often ambiguous.

(False; Moderate; p. 460)

100. The strength of the bureaucracy lies in its ability to perform standardized activities.

(True; Challenging; p. 461)

101. A major strength of the simple structure is that it easily adapts to any size organization.

(False; Challenging; p. 460)

102. The simple structure is risky.

(True; Challenging; p. 460)

103. Standardization is the key that underlies the simple structure.

(False; Easy; p. 460)

104. The matrix structure is characterized by highly routine operating tasks achieved through specialization.

(False; Challenging; p. 461)

105. A major weakness of the bureaucracy is that it creates sub-unit conflicts.

(False; Moderate; p. 462)

106. The bureaucracy is efficient only as long as employees confront problems that they have previously encountered.

(True; Easy; p. 462)

107. A structure that creates dual lines of authority and combines functional and product departmentalization is the matrix structure.

(True; Easy; p. 462)

108. The strength of the bureaucracy is its ability to facilitate coordination when the organization has complex and interdependent activities.

(False; Moderate; p. 462)

109. The matrix structure facilitates the allocation of specialists.

(True; Challenging; p. 462)

110. The major disadvantages of the matrix lie is that it creates sub-unit conflicts and that functional unit goals can override the organizational goals.

(False; Challenging; p. 463)

New Design Options

111. The team structure breaks down department barriers and decentralizes decision making.

(True; Moderate; p. 463-464)

112. Often the team structure complements what is typically a bureaucracy.

(True; Moderate; p. 464)

113. The primary characteristics of the virtual organization are that it breaks down department barriers and decentralizes decision.

(False; Moderate; p. 463-464)

114. You have decided to hire a small shop to do all your duplicating and printing. This is an example of outsourcing.

(True; Moderate; p. 465)

115. The matrix organization is also called the network or modular organization.

(False; Challenging; p. 464)

116. The major advantage to the virtual organization is its flexibility.

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(True; Easy; p. 466)

117. The virtual organization is effective in obtaining organizational stability.

(False; Moderate; p. 465-466)

118. Jack Welch coined the term virtual organization.

(False; Easy; p. 466)

119. An organization that seeks to eliminate the chain of command is a boundaryless organization.

(True; Easy; p. 466)

120. Status and rank are minimized in the borderless organization.

(False; Challenging; p. 466)

121. Globalization is easier in a borderless organization.

(False; Challenging; p. 466)

122. The technological thread that makes the boundaryless organization possible is networked computers.

(True; Moderate; p. 468)

Why Do Structures Differ?

123. The organic structure is characterized by extensive departmentalization, high formalization, a limited information network, and centralization.

(False; Easy; p. 468)

124. The boundaryless organization is an example of the organic model of organizational design.

(True; Easy; p. 468)

125. Mechanistic structures are high in formalization.

(True; Easy; p. 468)

126. Mechanistic structures have high participation in decision making.

(False; Moderate; p. 468)

127. Strategy does not impact an organization's structure.

(False; Easy; p. 469)

128. An innovation strategy works well only for the simple structure.

(False; Moderate; p. 469)

129. An organization that controls costs, refrains from incurring unnecessary innovation or marketing expenses, and cuts prices in selling a basic product pursues a price-minimization strategy.

(False; Moderate; p. 469)

130. An innovation strategy seeks to quickly move into new products or new markets after their viability has been proven.

(False; Moderate; p. 469)

131. Size affects structure at a decreasing rate.

(True; Challenging; p. 470)

132. Adding 500 employees to an organization that has only 300 members is likely to result in a shift toward a more organic structure.

(False; Challenging; p. 470)

133. Technology refers to how an organization transfers its inputs into outputs.

(True; Moderate; p. 470)

134. The three key dimensions to an organization's environment have been found to be: capacity, complexity, and technology.

(False; Challenging; p. 472)

135. The environment of an organization needs to be assessed in terms of capacity, which is the degree of heterogeneity and concentration among environmental elements.

(False; Challenging; p. 472)

136. The more scarce, dynamic, and complex the environment, the more organic a structure should be.

(True; Challenging; p. 472)

Organizational Designs and Employee Behavior

137. Research supports the notion that employees prefer an organic structure.

(False; Moderate; p. 474)

138. The evidence generally indicates that work specialization contributes positively to productivity.

(True; Easy; p. 473)

139. A review of the research indicates that there is no evidence to support a relationship between span of control and employee performance.

(True; Moderate; p. 474)

140. Organizations that are less centralized have a greater amount of participative decision making.

(True; Easy; p. 474)**SCENARIO-BASED QUESTIONS**

Application of: What is Organizational Structure?

Consultants Exceptional has hired you to develop training materials for their consultants. Your first assignment is to develop a training program that helps their consultants to analyze and understand the organizational structure of the company that they are assisting. They believe that in order to adequately evaluate and understand the company, they need to understand the basic organizational structure. Then they will be able to recommend actions and changes based on that structure.

141. One of the questions you tell the trainees to ask is “ To what degree are tasks subdivided into separate jobs?” This question addresses the issue of:

- a. formalization.
- b. work specialization.
- c. span of control.
- d. chain of command.

(b; Moderate; Exh. 15-1; p. 453)

142. _____ is addressed by asking the question “ On what basis are jobs grouped together?”

- a. Departmentalization
- b. Work specialization
- c. Centralization and decentralization
- d. Formalization

(a; Challenging; Exh. 15-1; p. 453)

143. You instruct the trainees to ask about the degree of rules and regulations that direct employees and managers. You want to help them understand the:

- a. chain of command.
- b. degree of formalization.
- c. span of control.
- d. degree of departmentalization.

(b; Moderate; Exh. 15-1; p. 453)

Application of Departmentalization

You have divided the jobs done by your department through work specialization and are now trying to decide how to best group them for

efficiency and service to the customer. You are considering whether to group activities by function, product, process, geography, or customer.

144. You have decided that since you are a