Chapter 01  
The Management Process Today

**True / False Questions**

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| 1. | Organizations are collections of people who work together and coordinate their actions to achieve a wide variety of goals, or desired future outcomes.    True    False |

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| 2. | The planning, organizing, leading, and controlling of human and other resources to achieve organizational goals efficiently and effectively is known as management.    True    False |

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| 3. | Organizations are efficient when managers maximize the amount of input resources.    True    False |

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| 4. | The number of students competing for places in business courses is on a constant decline.    True    False |

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| 5. | Managers at all levels and in all departments are responsible for planning, organizing, leading, and controlling.    True    False |

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| 6. | Identifying and selecting appropriate organizational goals and courses of action help managers perform the planning task.    True    False |

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| 7. | Planning strategy is clear and easy, especially because planning is done under certainty when the result is known.    True    False |

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| 8. | The outcome of organizing is the creation of a strategy.    True    False |

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| 9. | An organization's vision is a short, succinct, and inspiring statement of what the organization intends to become and the goals it is seeking to achieve.    True    False |

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| 10. | The controlling task helps managers evaluate how well they themselves are performing the other three tasks of management—planning, organizing, and leading—and take corrective action.    True    False |

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| 11. | The top-line managers form the base of the managerial hierarchy.    True    False |

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| 12. | The middle managers supervise the supervisors.    True    False |

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| 13. | In contrast to middle managers, top managers are responsible for the performance of specific departments.    True    False |

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| 14. | The chief executive officer is a company's most senior and important manager, the one all other top managers report to.    True    False |

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| 15. | Today, the term "chief operating officer" refers to the chief executive officer.    True    False |

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| 16. | Conceptual skills include the general ability to understand, alter, lead, and control the behavior of other individuals and groups.    True    False |

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| 17. | Human skills can be learned through education and training, as well as be developed through experience.    True    False |

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| 18. | The array of technical skills managers need is independent of the position they hold in their organizations.    True    False |

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| 19. | Departmental skills that create a core competency give an organization a competitive advantage.    True    False |

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| 20. | Restructuring involves contracting with another company, in a low-cost country abroad, to have it perform a work activity the organization previously performed itself.    True    False |

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| 21. | Restructuring results in the loss of jobs.    True    False |

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| 22. | Outsourcing decreases efficiency because it increases operating costs.    True    False |

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| 23. | Companies use their reward systems to promote empowerment.    True    False |

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| 24. | When employees start using information technology (IT), they start losing their autonomy.    True    False |

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| 25. | A self-managed team refers to a group of employees who assume collective responsibility for organizing, controlling, and supervising their own work activities.    True    False |

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| 26. | Not-for-profit sectors are not affected by global competition.    True    False |

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| 27. | The four building blocks of competitive advantage are superior efficiency, quality, innovation, and responsiveness to customers.    True    False |

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| 28. | An organization's efficiency decreases when it reduces the quantity of resources it uses to produce goods or services.    True    False |

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| 29. | Innovation is the process of creating new or improved goods and services that customers want.    True    False |

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| 30. | Typically innovation takes place in small groups or teams.    True    False |

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| 31. | Innovation takes place when management centralizes control of work activities and creates an organizational culture that precludes risk taking.    True    False |

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| 32. | Turnaround management is the creation of a new vision for a struggling company based on a new approach to planning and organizing to make better use of a company's resources and allow it to survive and prosper.    True    False |

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| 33. | Organizations appoint turnaround CEOs when the organizations become more efficient and effective.    True    False |

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| 34. | Pressure to increase performance may induce managers to behave unethically.    True    False |

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| 35. | Managers seldom find it difficult to manage the diversity in today's workforce.    True    False |

**Multiple Choice Questions**

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| 36. | Which of the following is NOT true about management and organizational resources?      |  |  | | --- | --- | | A. | Organizations are collections of people who work together to achieve a wide variety of goals. |  |  |  | | --- | --- | | B. | Managers are responsible for making the most of an organization's human resources to achieve its goals. |  |  |  | | --- | --- | | C. | Management is the planning, organizing, leading, and controlling of human and other resources to achieve organizational goals efficiently and effectively. |  |  |  | | --- | --- | | D. | An organization's resources include assets such as machinery, raw materials, and computers and information technology. |  |  |  | | --- | --- | | E. | Organizational performance increases in an indirect proportion to increases in efficiency and effectiveness. | |

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| 37. | Which of the following is an appropriate definition of organizational performance?      |  |  | | --- | --- | | A. | It is the process of obtaining, analyzing, and recording information about the relative worth of an employee to the organization. |  |  |  | | --- | --- | | B. | It is a measure of how efficiently and effectively managers use available resources to satisfy customers and achieve organizational goals. |  |  |  | | --- | --- | | C. | It is an approach to modeling organizations using one-on-one interactions between members of the organization as a proxy for all value-adding activities in the organization. |  |  |  | | --- | --- | | D. | It is a management framework that uses and integrates existing management methods and techniques to help teams deliver ever-improving services. |  |  |  | | --- | --- | | E. | It is a measure of the interaction between the managerial culture, the workplace culture, and the surrounding culture. | |

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| 38. | \_\_\_\_\_ is a measure of how productively resources are used to achieve a goal.      |  |  | | --- | --- | | A. | Validity |  |  |  | | --- | --- | | B. | Generalizability |  |  |  | | --- | --- | | C. | Efficiency |  |  |  | | --- | --- | | D. | Effectiveness |  |  |  | | --- | --- | | E. | Reliability | |

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| 39. | Which of the following is true of efficiency?      |  |  | | --- | --- | | A. | It is a measure of the appropriateness of the goals that managers have selected for the organization to pursue. |  |  |  | | --- | --- | | B. | Organizations are efficient when managers choose appropriate goals and then achieve them. |  |  |  | | --- | --- | | C. | Lesser the efficiency, higher the organizational performance. |  |  |  | | --- | --- | | D. | Organizations are efficient when managers minimize the amount of input resources. |  |  |  | | --- | --- | | E. | Organizations are efficient when managers maximize the amount of time needed to produce a given output of goods. | |

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| 40. | \_\_\_\_\_ is a measure of the appropriateness of the goals that managers have selected for the organization to pursue and the degree to which the organization achieves those goals.      |  |  | | --- | --- | | A. | Efficiency |  |  |  | | --- | --- | | B. | Generalizability |  |  |  | | --- | --- | | C. | Reliability |  |  |  | | --- | --- | | D. | Utility |  |  |  | | --- | --- | | E. | Effectiveness | |

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| 41. | Which of the following is true of effectiveness?      |  |  | | --- | --- | | A. | Organizational performance increases in direct proportion to increase in effectiveness. |  |  |  | | --- | --- | | B. | Organizations are effective when managers minimize the time needed to produce a given output of services. |  |  |  | | --- | --- | | C. | It is a measure of how productively resources are used to achieve a goal. |  |  |  | | --- | --- | | D. | Organizations are effective when managers minimize the amount of input resources. |  |  |  | | --- | --- | | E. | Effectiveness is related to performance but not efficiency. | |

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| 42. | Which of the following is true of low efficiency/high effectiveness situations?      |  |  | | --- | --- | | A. | They arise when managers choose the wrong goals to pursue and make poor use of resources. |  |  |  | | --- | --- | | B. | They arise when managers choose the right goals to pursue, but do a poor job of using resources to achieve these goals. |  |  |  | | --- | --- | | C. | They arise when managers choose the right goals to pursue and make good use of resources to achieve these goals. |  |  |  | | --- | --- | | D. | They result in the production of a low-quality product that customers do not want. |  |  |  | | --- | --- | | E. | They result in the production of a high-quality product that customers do not want. | |

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| 43. | High efficiency/high effectiveness situations:      |  |  | | --- | --- | | A. | arise when managers choose the wrong goals to pursue and make poor use of resources. |  |  |  | | --- | --- | | B. | result in the production of a low-quality product that customers do not want. |  |  |  | | --- | --- | | C. | result in the production of a product that customers want at a quality and price that they can afford. |  |  |  | | --- | --- | | D. | result in the production of a product that customers want, but that is too expensive for them to buy. |  |  |  | | --- | --- | | E. | arise when managers choose inappropriate goals, but make good use of resources to pursue these goals. | |

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| 44. | Which of the following is true of low efficiency/low effectiveness situations?      |  |  | | --- | --- | | A. | They arise when managers choose the right goals to pursue, but do a poor job of using resources to achieve these goals. |  |  |  | | --- | --- | | B. | They result in the production of a product that customers want, but that is too expensive for them to buy. |  |  |  | | --- | --- | | C. | They result in the production of a product that customers want at a quality and price that they can afford. |  |  |  | | --- | --- | | D. | They arise when managers choose the wrong goals to pursue and make poor use of resources. |  |  |  | | --- | --- | | E. | They arise when managers choose inappropriate goals, but make good use of resources to pursue these goals. | |

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| 45. | The goals chosen by the management of Dino's Cafe seemed inappropriate for the store, but the management did make good use of the various resources in pursuing these goals. Dino's Cafe is said to have:      |  |  | | --- | --- | | A. | low efficiency and high effectiveness. |  |  |  | | --- | --- | | B. | high efficiency and high effectiveness. |  |  |  | | --- | --- | | C. | low efficiency and low effectiveness. |  |  |  | | --- | --- | | D. | low conceptual skills and low human skills. |  |  |  | | --- | --- | | E. | high efficiency and low effectiveness. | |

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| 46. | In what order do managers typically perform the managerial functions?      |  |  | | --- | --- | | A. | Organizing, planning, controlling, leading |  |  |  | | --- | --- | | B. | Organizing, leading, planning, controlling |  |  |  | | --- | --- | | C. | Planning, organizing, leading, controlling |  |  |  | | --- | --- | | D. | Planning, organizing, controlling, leading |  |  |  | | --- | --- | | E. | Leading, organizing, planning, controlling | |

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| 47. | To perform the \_\_\_\_\_ task, managers identify and select appropriate organizational goals and courses of action.      |  |  | | --- | --- | | A. | planning |  |  |  | | --- | --- | | B. | organizing |  |  |  | | --- | --- | | C. | leading |  |  |  | | --- | --- | | D. | controlling |  |  |  | | --- | --- | | E. | commanding | |

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| 48. | How to allocate organizational resources to pursue the strategies that attain set goals, is a question addressed during:      |  |  | | --- | --- | | A. | regulating. |  |  |  | | --- | --- | | B. | planning. |  |  |  | | --- | --- | | C. | leading. |  |  |  | | --- | --- | | D. | controlling. |  |  |  | | --- | --- | | E. | commanding. | |

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| 49. | Which of the following refers to a cluster of decisions concerning what organizational goals to pursue, what actions to take, and how to use resources to achieve these goals?      |  |  | | --- | --- | | A. | Synergy |  |  |  | | --- | --- | | B. | Value |  |  |  | | --- | --- | | C. | Strategy |  |  |  | | --- | --- | | D. | Mission |  |  |  | | --- | --- | | E. | Business model | |

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| 50. | Which of the following strategies helps an organization to obtain customers by making decisions that allow it to produce goods or services more cheaply than its competitors?      |  |  | | --- | --- | | A. | Disintermediation strategy |  |  |  | | --- | --- | | B. | Centralization strategy |  |  |  | | --- | --- | | C. | Penetration strategy |  |  |  | | --- | --- | | D. | Low-cost strategy |  |  |  | | --- | --- | | E. | Differentiation strategy | |

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| 51. | The strategy of delivering new, exciting, and unique products to the customers is known as a \_\_\_\_\_ strategy.      |  |  | | --- | --- | | A. | low-cost |  |  |  | | --- | --- | | B. | disintermediation |  |  |  | | --- | --- | | C. | centralization |  |  |  | | --- | --- | | D. | penetration |  |  |  | | --- | --- | | E. | differentiation | |

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| 52. | \_\_\_\_\_ is the process of structuring working relationships so that organizational members interact and cooperate to achieve organizational goals.      |  |  | | --- | --- | | A. | Planning |  |  |  | | --- | --- | | B. | Leading |  |  |  | | --- | --- | | C. | Commanding |  |  |  | | --- | --- | | D. | Controlling |  |  |  | | --- | --- | | E. | Organizing | |

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| 53. | When a manager lays out the lines of authority and responsibility among different individuals and groups, the manager is:      |  |  | | --- | --- | | A. | organizing. |  |  |  | | --- | --- | | B. | leading. |  |  |  | | --- | --- | | C. | controlling. |  |  |  | | --- | --- | | D. | planning. |  |  |  | | --- | --- | | E. | staffing. | |

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| 54. | A formal system of reporting relationships that coordinates and motivates organizational members so that they work together to attempt to achieve organizational goals is called an organizational:      |  |  | | --- | --- | | A. | culture. |  |  |  | | --- | --- | | B. | psychology. |  |  |  | | --- | --- | | C. | structure. |  |  |  | | --- | --- | | D. | assimilation. |  |  |  | | --- | --- | | E. | chart. | |

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| 55. | An organization's \_\_\_\_\_ is a short, succinct, and inspiring statement of what the organization intends to become.      |  |  | | --- | --- | | A. | goal |  |  |  | | --- | --- | | B. | value |  |  |  | | --- | --- | | C. | strategy |  |  |  | | --- | --- | | D. | vision |  |  |  | | --- | --- | | E. | mission | |

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| 56. | When managers \_\_\_\_\_, they articulate a clear organizational vision for the organization's members to accomplish, and they energize and enable employees so that everyone understands the part he/she plays in achieving organizational goals.      |  |  | | --- | --- | | A. | plan |  |  |  | | --- | --- | | B. | organize |  |  |  | | --- | --- | | C. | control |  |  |  | | --- | --- | | D. | command |  |  |  | | --- | --- | | E. | lead | |

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| 57. | Which of the managerial functions involves managers using their power, personality, influence, persuasion, and communication skills to coordinate people and groups so that their activities and efforts are in harmony?      |  |  | | --- | --- | | A. | Leading |  |  |  | | --- | --- | | B. | Planning |  |  |  | | --- | --- | | C. | Organizing |  |  |  | | --- | --- | | D. | Controlling |  |  |  | | --- | --- | | E. | Arranging | |

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| 58. | Which of the following is true of leadership?      |  |  | | --- | --- | | A. | It helps managers evaluate how well they themselves are performing. |  |  |  | | --- | --- | | B. | It revolves around encouraging all employees to perform at a high level to help the organization achieve its vision and goals. |  |  |  | | --- | --- | | C. | Managers evaluate how well an organization has achieved its goals and take corrective actions needed to improve performance. |  |  |  | | --- | --- | | D. | It revolves around regulation of organizational efficiency and effectiveness. |  |  |  | | --- | --- | | E. | Managers decide which goals to measure and then design control systems that will provide the information necessary to assess performance. | |

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| 59. | In \_\_\_\_\_, the task of managers is to evaluate how well an organization has achieved its goals and to take any corrective actions needed to maintain or improve performance.      |  |  | | --- | --- | | A. | planning |  |  |  | | --- | --- | | B. | organizing |  |  |  | | --- | --- | | C. | leading |  |  |  | | --- | --- | | D. | staffing |  |  |  | | --- | --- | | E. | controlling | |

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| 60. | Which of the following processes gives the managers the ability to measure performance accurately and regulate organizational efficiency and effectiveness?      |  |  | | --- | --- | | A. | Controlling |  |  |  | | --- | --- | | B. | Planning |  |  |  | | --- | --- | | C. | Organizing |  |  |  | | --- | --- | | D. | Leading |  |  |  | | --- | --- | | E. | Staffing | |

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| 61. | Mark, a manager at Matt's Shack, monitors the work performance of workers in his department to determine if the quality of their work is meeting the standards of the company. Mark is engaging in which of the following managerial functions?      |  |  | | --- | --- | | A. | Planning |  |  |  | | --- | --- | | B. | Staffing |  |  |  | | --- | --- | | C. | Organizing |  |  |  | | --- | --- | | D. | Leading |  |  |  | | --- | --- | | E. | Controlling | |

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| 62. | Susan, the CEO of United Group Ltd., reviews the performance of her company in the past month's Profit & Loss Statement to determine if the company is on pace to meet the planned sales and profitability goals. Susan is engaged in which of the following managerial functions?      |  |  | | --- | --- | | A. | Planning |  |  |  | | --- | --- | | B. | Organizing |  |  |  | | --- | --- | | C. | Staffing |  |  |  | | --- | --- | | D. | Controlling |  |  |  | | --- | --- | | E. | Leading | |

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| 63. | First-line managers:      |  |  | | --- | --- | | A. | increase efficiency by helping middle-level managers better use resources to reduce manufacturing costs or improve customer service. |  |  |  | | --- | --- | | B. | are also known as supervisors. |  |  |  | | --- | --- | | C. | are at the top of the managerial hierarchy. |  |  |  | | --- | --- | | D. | work in one single department of an organization. |  |  |  | | --- | --- | | E. | are responsible for finding the best way to organize human and other resources to achieve organizational goals. | |

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| 64. | Which of the following is true of middle managers?      |  |  | | --- | --- | | A. | They decide how the different departments should interact. |  |  |  | | --- | --- | | B. | They are responsible for daily supervision of the nonmanagerial employees who perform the specific activities necessary to produce goods and services. |  |  |  | | --- | --- | | C. | They develop and fine-tune skills and know-how that allow the organization to be efficient and effective. |  |  |  | | --- | --- | | D. | They are responsible for the performance of all departments. |  |  |  | | --- | --- | | E. | They establish organizational goals. | |

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| 65. | Which of the following is true of top managers?      |  |  | | --- | --- | | A. | They are responsible for finding the best way to organize human and other resources to achieve organizational goals. |  |  |  | | --- | --- | | B. | They are responsible for daily supervision of the nonmanagerial employees who perform the specific activities necessary to produce goods and services. |  |  |  | | --- | --- | | C. | They find ways to help first-line managers and nonmanagerial employees better use resources to reduce manufacturing costs or improve customer service. |  |  |  | | --- | --- | | D. | They have cross-departmental responsibility. |  |  |  | | --- | --- | | E. | They are responsible for a single department. | |

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| 66. | Who amongst the following is most likely to be a part of the top management team?      |  |  | | --- | --- | | A. | Supervisor |  |  |  | | --- | --- | | B. | Head nurse |  |  |  | | --- | --- | | C. | Chief mechanic |  |  |  | | --- | --- | | D. | Divisional manager |  |  |  | | --- | --- | | E. | Chief executive officer | |

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| 67. | Being a part of top management at a large fast food chain, Donald is most likely to spend more of his time in:      |  |  | | --- | --- | | A. | planning and organizing resources. |  |  |  | | --- | --- | | B. | planning and controlling nonmanagerial employees. |  |  |  | | --- | --- | | C. | planning and leading first-line managers. |  |  |  | | --- | --- | | D. | organizing resources and controlling nonmanagerial employees. |  |  |  | | --- | --- | | E. | organizing resources and leading first-line managers. | |

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| 68. | The ability to analyze and diagnose a situation and to distinguish between cause and effect demonstrates a manager's:      |  |  | | --- | --- | | A. | interpersonal skills. |  |  |  | | --- | --- | | B. | conceptual skills. |  |  |  | | --- | --- | | C. | human skills. |  |  |  | | --- | --- | | D. | technical skills. |  |  |  | | --- | --- | | E. | communication skills. | |

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| 69. | \_\_\_\_\_ skills include the general ability to understand, alter, lead, and control the behavior of individuals and groups.      |  |  | | --- | --- | | A. | Analytic |  |  |  | | --- | --- | | B. | Cognitive |  |  |  | | --- | --- | | C. | Human |  |  |  | | --- | --- | | D. | Technical |  |  |  | | --- | --- | | E. | Conceptual | |

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| 70. | The job-specific skills required to perform a particular type of work at a high level are a part of a manager's:      |  |  | | --- | --- | | A. | human skills. |  |  |  | | --- | --- | | B. | communication skills. |  |  |  | | --- | --- | | C. | interpersonal skills. |  |  |  | | --- | --- | | D. | technical skills. |  |  |  | | --- | --- | | E. | conceptual skills. | |

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| 71. | The specific set of departmental skills, knowledge, and experience that allows one organization to outperform its rivals is known as the organization's:      |  |  | | --- | --- | | A. | strategy. |  |  |  | | --- | --- | | B. | vision. |  |  |  | | --- | --- | | C. | goal. |  |  |  | | --- | --- | | D. | mission. |  |  |  | | --- | --- | | E. | core competency. | |

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| 72. | Simplifying, shrinking, or downsizing an organization's operations to lower operating costs is known as:      |  |  | | --- | --- | | A. | restructuring. |  |  |  | | --- | --- | | B. | outsourcing. |  |  |  | | --- | --- | | C. | empowering. |  |  |  | | --- | --- | | D. | innovating. |  |  |  | | --- | --- | | E. | telecommuting. | |

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| 73. | Fresh Farms, Inc., is facing financial problems. In order to tackle the situation, the management has decided to reduce the number of middle managers by 20 percent to help them cut costs. This is an example of:      |  |  | | --- | --- | | A. | telecommuting. |  |  |  | | --- | --- | | B. | restructuring. |  |  |  | | --- | --- | | C. | outsourcing. |  |  |  | | --- | --- | | D. | empowering. |  |  |  | | --- | --- | | E. | innovating. | |

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| 74. | The company for which Margaret works has announced that due to declining global sales, it will lay off 12 percent of its labor force. This is an example of:      |  |  | | --- | --- | | A. | innovating. |  |  |  | | --- | --- | | B. | telecommuting. |  |  |  | | --- | --- | | C. | restructuring. |  |  |  | | --- | --- | | D. | outsourcing. |  |  |  | | --- | --- | | E. | empowering. | |

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| 75. | Which of the following is true of restructuring?      |  |  | | --- | --- | | A. | It increases the operating costs. |  |  |  | | --- | --- | | B. | It reduces the morale of the remaining employees. |  |  |  | | --- | --- | | C. | It does not change the levels in hierarchy. |  |  |  | | --- | --- | | D. | It affects nonmanagerial employees, but not managerial employees. |  |  |  | | --- | --- | | E. | Modern information technology's ability to improve efficiency has lessened the amount of restructuring in recent years. | |

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| 76. | \_\_\_\_\_ involves contracting with another company, in a low-cost country abroad, to have it perform a work activity the organization previously performed itself.      |  |  | | --- | --- | | A. | Integrating |  |  |  | | --- | --- | | B. | Telecommuting |  |  |  | | --- | --- | | C. | Outsourcing |  |  |  | | --- | --- | | D. | Restructuring |  |  |  | | --- | --- | | E. | Insourcing | |

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| 77. | Which of the following management techniques involves giving employees more authority and responsibility over how they perform their work activities?      |  |  | | --- | --- | | A. | Innovation |  |  |  | | --- | --- | | B. | Total quality management |  |  |  | | --- | --- | | C. | Empowerment |  |  |  | | --- | --- | | D. | Outsourcing |  |  |  | | --- | --- | | E. | Restructuring | |

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| 78. | A bank allows its tellers to not only handle deposits and disbursement, but also distribute traveler's checks and sell certificates of deposit. This is an example of:      |  |  | | --- | --- | | A. | innovation. |  |  |  | | --- | --- | | B. | restructuring. |  |  |  | | --- | --- | | C. | total quality management. |  |  |  | | --- | --- | | D. | empowerment. |  |  |  | | --- | --- | | E. | outsourcing. | |

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| 79. | George works as the human resource manager at Maddy's Confectionaries. It was mandatory for his subordinates to obtain his signature on every document related to the hiring of a new employee. When he realized that this was increasing the duration of the hiring process, he told his subordinates that they no longer needed his signature unless the hire involved extraordinary circumstances. This is an example of:      |  |  | | --- | --- | | A. | restructuring. |  |  |  | | --- | --- | | B. | outsourcing. |  |  |  | | --- | --- | | C. | total quality management. |  |  |  | | --- | --- | | D. | empowerment. |  |  |  | | --- | --- | | E. | innovation. | |

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| 80. | Which of the following is an accurate definition of a self-managed team?      |  |  | | --- | --- | | A. | It is a group of people who work interdependently and with shared purpose across space, time, and organization boundaries using technology to communicate and collaborate. |  |  |  | | --- | --- | | B. | It involves several professionals who independently address various issues that an organization may have, focusing on the issues in which they specialize. |  |  |  | | --- | --- | | C. | It lessens the autonomy enjoyed by the employee. |  |  |  | | --- | --- | | D. | It refers to a group of employees who assume collective responsibility for organizing, controlling, and supervising their own work activities. |  |  |  | | --- | --- | | E. | It refers to a team used only for a defined period of time and for a separate, concretely definable purpose. | |

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| 81. | Organizations that operate and compete in more than one country are known as:      |  |  | | --- | --- | | A. | domestic organizations. |  |  |  | | --- | --- | | B. | central organizations. |  |  |  | | --- | --- | | C. | holding organizations. |  |  |  | | --- | --- | | D. | quasi-autonomous organizations. |  |  |  | | --- | --- | | E. | global organizations. | |

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| 82. | The ability of one organization to outperform other organizations because it produces desired goods or services more efficiently and effectively than its competitors is known as its:      |  |  | | --- | --- | | A. | competitive advantage. |  |  |  | | --- | --- | | B. | strategy. |  |  |  | | --- | --- | | C. | absolute advantage. |  |  |  | | --- | --- | | D. | goal. |  |  |  | | --- | --- | | E. | mission. | |

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| 83. | \_\_\_\_\_ refers to the ease with which a company changes or alters the way it performs its activities to respond to actions of its competitors.      |  |  | | --- | --- | | A. | Speed |  |  |  | | --- | --- | | B. | Flexibility |  |  |  | | --- | --- | | C. | Innovativeness |  |  |  | | --- | --- | | D. | Stability |  |  |  | | --- | --- | | E. | Differentiation | |

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| 84. | The process of creating new or improved goods and services that customers want or developing better ways to produce or provide goods and services is known as:      |  |  | | --- | --- | | A. | invention. |  |  |  | | --- | --- | | B. | diffusion. |  |  |  | | --- | --- | | C. | innovation. |  |  |  | | --- | --- | | D. | differentiation. |  |  |  | | --- | --- | | E. | integration. | |

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| 85. | \_\_\_\_\_ is the creation of a new vision for a struggling company based on a new approach to planning and organizing to make better use of a company's resources and allow it to survive and prosper.      |  |  | | --- | --- | | A. | Performance management |  |  |  | | --- | --- | | B. | Total quality management |  |  |  | | --- | --- | | C. | Scientific management |  |  |  | | --- | --- | | D. | Turnaround management |  |  |  | | --- | --- | | E. | Impression management | |

**Essay Questions**

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| 86. | What is organizational performance and what is its relationship with efficiency and effectiveness? |

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| 87. | Define efficiency. When is an organization said to be efficient? |

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| 88. | Explain effectiveness. When is an organization said to be effective? |

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| 89. | What are the reasons behind studying management? |

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| 90. | Define planning. What are the three steps in the planning process? |

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| 91. | Explain the following terms: strategy, low-cost strategy, and differentiation strategy. |

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| 92. | What does the managerial function of organizing involve? What is its outcome? |

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| 93. | Discuss the managerial function of leading. What is its outcome? |

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| 94. | What does the managerial function of controlling involve? |

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| 95. | Identify the three levels of management and explain the basic responsibilities of each. |

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| 96. | Identify and briefly define the three major types of managerial skills. |

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| 97. | What is restructuring and what are its disadvantages? |

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| 98. | Explain the significance of information technology with regards to empowering employees and facilitating self-managed teams. |

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| 99. | Define competitive advantage. What are its four building blocks? |

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| 100. | Discuss the concept of turnaround management. |

Chapter 01 The Management Process Today Answer Key

**True / False Questions**

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| 1. | Organizations are collections of people who work together and coordinate their actions to achieve a wide variety of goals, or desired future outcomes.    **TRUE**  Organizations are collections of people who work together and coordinate their actions to achieve a wide variety of goals, or desired future outcomes. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-01 Describe what management is; why management is important; what managers do; and how managers use organizational resources efficiently and effectively to achieve organizational goals. Topic: What Is Management?* |

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| 2. | The planning, organizing, leading, and controlling of human and other resources to achieve organizational goals efficiently and effectively is known as management.    **TRUE**  Management is the planning, organizing, leading, and controlling of human and other resources to achieve organizational goals efficiently and effectively. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-01 Describe what management is; why management is important; what managers do; and how managers use organizational resources efficiently and effectively to achieve organizational goals. Topic: What Is Management?* |

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| 3. | Organizations are efficient when managers maximize the amount of input resources.    **FALSE**  Efficiency is a measure of how productively resources are used to achieve a goal. Organizations are efficient when managers minimize the amount of input resources or the amount of time needed to produce a given output of goods or services. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-01 Describe what management is; why management is important; what managers do; and how managers use organizational resources efficiently and effectively to achieve organizational goals. Topic: What Is Management?* |

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| 4. | The number of students competing for places in business courses is on a constant decline.    **FALSE**  Today more students are competing for places in business courses than ever before; the number of people wishing to pursue Master of Business Administration (MBA) degrees—today's passport to an advanced management position—either on campus or from online universities and colleges is at an all-time high. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-01 Describe what management is; why management is important; what managers do; and how managers use organizational resources efficiently and effectively to achieve organizational goals. Topic: What Is Management?* |

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| 5. | Managers at all levels and in all departments are responsible for planning, organizing, leading, and controlling.    **TRUE**  Managers perform four essential managerial tasks: planning, organizing, leading, and controlling. Managers at all levels and in all departments—whether in small or large companies, for-profit or not-for-profit organizations, or organizations that operate in one country or throughout the world—are responsible for performing these four tasks. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-02 Distinguish among planning; organizing; leading; and controlling (the four principal managerial tasks); and explain how managers' ability to handle each one affects organizational performance. Topic: Essential Managerial Tasks* |

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| 6. | Identifying and selecting appropriate organizational goals and courses of action help managers perform the planning task.    **TRUE**  To perform the planning task, managers identify and select appropriate organizational goals and courses of action. The three steps involved in planning are (1) deciding which goals the organization will pursue, (2) deciding what strategies to adopt to attain those goals, and (3) deciding how to allocate organizational resources to pursue the strategies that attain those goals. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-02 Distinguish among planning; organizing; leading; and controlling (the four principal managerial tasks); and explain how managers' ability to handle each one affects organizational performance. Topic: Essential Managerial Tasks* |

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| 7. | Planning strategy is clear and easy, especially because planning is done under certainty when the result is known.    **FALSE**  Planning strategy is complex and difficult, especially because planning is done under uncertainty when the result is unknown so that success or failure are both possible outcomes of the planning process. Managers take major risks when they commit organizational resources to pursue a particular strategy. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-02 Distinguish among planning; organizing; leading; and controlling (the four principal managerial tasks); and explain how managers' ability to handle each one affects organizational performance. Topic: Essential Managerial Tasks* |

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| 8. | The outcome of organizing is the creation of a strategy.    **FALSE**  Strategy is associated with the managerial function of planning. The outcome of organizing is the creation of an organizational structure, a formal system of task and reporting relationships that coordinates and motivates members so they work together to achieve organizational goals. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-02 Distinguish among planning; organizing; leading; and controlling (the four principal managerial tasks); and explain how managers' ability to handle each one affects organizational performance. Topic: Essential Managerial Tasks* |

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| 9. | An organization's vision is a short, succinct, and inspiring statement of what the organization intends to become and the goals it is seeking to achieve.    **TRUE**  An organization's vision is a short, succinct, and inspiring statement of what the organization intends to become and the goals it is seeking to achieve—its desired future state. In leading, managers articulate a clear organizational vision for the organization's members to accomplish, and they energize and enable employees so everyone understands the part he/she plays in achieving organizational goals. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-02 Distinguish among planning; organizing; leading; and controlling (the four principal managerial tasks); and explain how managers' ability to handle each one affects organizational performance. Topic: Essential Managerial Tasks* |

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| 10. | The controlling task helps managers evaluate how well they themselves are performing the other three tasks of management—planning, organizing, and leading—and take corrective action.    **TRUE**  To exercise control, managers must decide which goals to measure and then they must design control systems that will provide the information necessary to assess performance. The controlling task also helps managers evaluate how well they themselves are performing the other three tasks of management—planning, organizing, and leading—and take corrective action. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-02 Distinguish among planning; organizing; leading; and controlling (the four principal managerial tasks); and explain how managers' ability to handle each one affects organizational performance. Topic: Essential Managerial Tasks* |

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| 11. | The top-line managers form the base of the managerial hierarchy.    **FALSE**  Organizations normally have three levels of management: first-line managers, middle managers, and top managers. At the base of the managerial hierarchy are first-line managers, often called supervisors. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-03 Differentiate among three levels of management; and understand the tasks and responsibilities of managers at different levels in the organizational hierarchy. Topic: Levels and Skills of Managers* |

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| 12. | The middle managers supervise the supervisors.    **TRUE**  The first-line managers are often called supervisors. Supervising the first-line managers are middle managers, responsible for finding the best way to organize human and other resources to achieve organizational goals. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-03 Differentiate among three levels of management; and understand the tasks and responsibilities of managers at different levels in the organizational hierarchy. Topic: Levels and Skills of Managers* |

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| 13. | In contrast to middle managers, top managers are responsible for the performance of specific departments.    **FALSE**  In contrast to middle managers, top managers are responsible for the performance of all departments. They have cross-departmental responsibility. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-03 Differentiate among three levels of management; and understand the tasks and responsibilities of managers at different levels in the organizational hierarchy. Topic: Levels and Skills of Managers* |

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| 14. | The chief executive officer is a company's most senior and important manager, the one all other top managers report to.    **TRUE**  The chief executive officer (CEO) is a company's most senior and important manager, the one all other top managers report to. Today the term "chief operating officer" (COO) refers to the company's top manager who is being groomed to take over as CEO when its current CEO, becomes the chair of the board, retires, or leaves the company. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-03 Differentiate among three levels of management; and understand the tasks and responsibilities of managers at different levels in the organizational hierarchy. Topic: Levels and Skills of Managers* |

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| 15. | Today, the term "chief operating officer" refers to the chief executive officer.    **FALSE**  The chief executive officer (CEO) is a company's most senior and important manager, the one all other top managers report to. Today the term "chief operating officer" (COO) refers to the company's top manager who is being groomed to take over as CEO when its current CEO, becomes the chair of the board, retires, or leaves the company. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-03 Differentiate among three levels of management; and understand the tasks and responsibilities of managers at different levels in the organizational hierarchy. Topic: Levels and Skills of Managers* |

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| 16. | Conceptual skills include the general ability to understand, alter, lead, and control the behavior of other individuals and groups.    **FALSE**  Conceptual skills are demonstrated in the general ability to analyze and diagnose a situation and to distinguish between cause and effect. Top managers require the best conceptual skills because their primary responsibilities are planning and organizing. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-04 Distinguish among three kinds of managerial skill; and explain why managers are divided into different departments. Topic: Levels and Skills of Managers* |

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| 17. | Human skills can be learned through education and training, as well as be developed through experience.    **TRUE**  Like conceptual skills, human skills can be learned through education and training, as well as be developed through experience. Organizations increasingly utilize advanced programs in leadership skills and team leadership as they seek to capitalize on the advantages of self-managed teams. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-04 Distinguish among three kinds of managerial skill; and explain why managers are divided into different departments. Topic: Levels and Skills of Managers* |

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| 18. | The array of technical skills managers need is independent of the position they hold in their organizations.    **FALSE**  Managers need a range of technical skills to be effective. The array of technical skills managers need depends on their position in their organizations. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-04 Distinguish among three kinds of managerial skill; and explain why managers are divided into different departments. Topic: Levels and Skills of Managers* |

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| 19. | Departmental skills that create a core competency give an organization a competitive advantage.    **TRUE**  The term "core competency" is often used to refer to the specific set of departmental skills, knowledge, and experience that allows one organization to outperform its competitors. In other words, departmental skills that create a core competency give an organization a competitive advantage. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-04 Distinguish among three kinds of managerial skill; and explain why managers are divided into different departments. Topic: Levels and Skills of Managers* |

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| 20. | Restructuring involves contracting with another company, in a low-cost country abroad, to have it perform a work activity the organization previously performed itself.    **FALSE**  Restructuring involves simplifying, shrinking, or downsizing an organization's operations to lower operating costs. Restructuring can be done by eliminating product teams, shrinking departments, and reducing levels in the hierarchy, all of which result in the loss of large numbers of jobs of top, middle, or first-line managers, as well as nonmanagerial employees. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-05 Discuss some major changes in management practices today that have occurred as a result of globalization and the use of advanced information technology (IT). Topic: Recent Changes in Management Practices* |

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| 21. | Restructuring results in the loss of jobs.    **TRUE**  Restructuring can be done by eliminating product teams, shrinking departments, and reducing levels in the hierarchy, all of which result in the loss of large numbers of jobs of top, middle, or first-line managers, as well as nonmanagerial employees. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-05 Discuss some major changes in management practices today that have occurred as a result of globalization and the use of advanced information technology (IT). Topic: Recent Changes in Management Practices* |

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| 22. | Outsourcing decreases efficiency because it increases operating costs.    **FALSE**  Outsourcing involves contracting with another company, in a low-cost country abroad, to have it perform a work activity the organization previously performed itself. Outsourcing increases efficiency because it lowers operating costs, freeing up money and resources that can then be used in more effective ways. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-05 Discuss some major changes in management practices today that have occurred as a result of globalization and the use of advanced information technology (IT). Topic: Recent Changes in Management Practices* |

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| 23. | Companies use their reward systems to promote empowerment.    **TRUE**  Empowerment is a management technique that involves giving employees more authority and responsibility over how they perform their work activities. Often companies find that empowering employees can lead to so many kinds of performance gains that they use their reward systems to promote empowerment. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-05 Discuss some major changes in management practices today that have occurred as a result of globalization and the use of advanced information technology (IT). Topic: Recent Changes in Management Practices* |

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| 24. | When employees start using information technology (IT), they start losing their autonomy.    **FALSE**  Frequently IT allows one employee to perform a task that was previously performed by many employees. As a result, the employee has more autonomy and responsibility. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-05 Discuss some major changes in management practices today that have occurred as a result of globalization and the use of advanced information technology (IT). Topic: Recent Changes in Management Practices* |

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| 25. | A self-managed team refers to a group of employees who assume collective responsibility for organizing, controlling, and supervising their own work activities.    **TRUE**  Information technology (IT) facilitates the use of a self-managed team, a group of employees who assume collective responsibility for organizing, controlling, and supervising their own work activities. Using IT designed to give team members real-time information about each member's performance, a self-managed team can often find ways to accomplish a task more quickly and efficiently. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-05 Discuss some major changes in management practices today that have occurred as a result of globalization and the use of advanced information technology (IT). Topic: Recent Changes in Management Practices* |

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| 26. | Not-for-profit sectors are not affected by global competition.    **FALSE**  Global competition is spurring change in the not-for-profit sector. Schools, universities, police forces, and government agencies are reexamining their operations because looking at how activities are performed in other countries often reveals better ways to do them. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-06 Discuss the principal challenges managers face in today's increasingly competitive global environment. Topic: Challenges for Management in a Global Environment* |

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| 27. | The four building blocks of competitive advantage are superior efficiency, quality, innovation, and responsiveness to customers.    **TRUE**  Competitive advantage is the ability of one organization to outperform other organizations because it produces desired goods or services more efficiently and effectively than its competitors. The four building blocks of competitive advantage are superior efficiency, quality, innovation, and responsiveness to customers. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-06 Discuss the principal challenges managers face in today's increasingly competitive global environment. Topic: Challenges for Management in a Global Environment* |

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| 28. | An organization's efficiency decreases when it reduces the quantity of resources it uses to produce goods or services.    **FALSE**  Organizations increase their efficiency when they reduce the quantity of resources they use to produce goods or services. In today's competitive environment, organizations continually search for new ways to use their resources to improve efficiency. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-06 Discuss the principal challenges managers face in today's increasingly competitive global environment. Topic: Challenges for Management in a Global Environment* |

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| 29. | Innovation is the process of creating new or improved goods and services that customers want.    **TRUE**  Innovation, the process of creating new or improved goods and services that customers want or developing better ways to produce or provide goods and services, poses a special challenge. Managers must create an organizational setting in which people are encouraged to be innovative. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-06 Discuss the principal challenges managers face in today's increasingly competitive global environment. Topic: Challenges for Management in a Global Environment* |

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| 30. | Typically innovation takes place in small groups or teams.    **TRUE**  Innovation, the process of creating new or improved goods and services that customers want or developing better ways to produce or provide goods and services, poses a special challenge. Typically innovation takes place in small groups or teams; management decentralizes control of work activities to team members and creates an organizational culture that rewards risk taking. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-06 Discuss the principal challenges managers face in today's increasingly competitive global environment. Topic: Challenges for Management in a Global Environment* |

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| 31. | Innovation takes place when management centralizes control of work activities and creates an organizational culture that precludes risk taking.    **FALSE**  Innovation, the process of creating new or improved goods and services that customers want or developing better ways to produce or provide goods and services, poses a special challenge. Typically innovation takes place in small groups or teams; management decentralizes control of work activities to team members and creates an organizational culture that rewards risk taking. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-06 Discuss the principal challenges managers face in today's increasingly competitive global environment. Topic: Challenges for Management in a Global Environment* |

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| 32. | Turnaround management is the creation of a new vision for a struggling company based on a new approach to planning and organizing to make better use of a company's resources and allow it to survive and prosper.    **TRUE**  Turnaround management is the creation of a new vision for a struggling company using a new approach to planning and organizing to make better use of a company's resources and allow it to survive and eventually prosper. It involves developing radical new strategies such as how to reduce the number of products sold or change how they are made and distributed, or close corporate and manufacturing operations to reduce costs. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-06 Discuss the principal challenges managers face in today's increasingly competitive global environment. Topic: Challenges for Management in a Global Environment* |

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| 33. | Organizations appoint turnaround CEOs when the organizations become more efficient and effective.    **FALSE**  Organizations that appoint turnaround CEOs are generally experiencing a crisis because they have become inefficient or ineffective; sometimes this is because of poor management over a continuing period, and sometimes it occurs because a competitor introduces a new product or technology that makes their own products unattractive to customers. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-06 Discuss the principal challenges managers face in today's increasingly competitive global environment. Topic: Challenges for Management in a Global Environment* |

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| 34. | Pressure to increase performance may induce managers to behave unethically.    **TRUE**  Too much pressure to perform can be harmful. It may induce managers to behave unethically, and even illegally, when dealing with people and groups inside and outside the organization. |

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| *AACSB: Analytic AACSB: Ethics Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-06 Discuss the principal challenges managers face in today's increasingly competitive global environment. Topic: Challenges for Management in a Global Environment* |

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| 35. | Managers seldom find it difficult to manage the diversity in today's workforce.    **FALSE**  Today the age, gender, race, ethnicity, religion, sexual preference, and socioeconomic composition of the workforce presents new challenges for managers. To create a highly trained and motivated workforce, as well as to avoid lawsuits, managers must establish HRM procedures and practices that are legal, are fair, and do not discriminate against any organizational members. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-06 Discuss the principal challenges managers face in today's increasingly competitive global environment. Topic: Challenges for Management in a Global Environment* |

**Multiple Choice Questions**

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| 36. | Which of the following is NOT true about management and organizational resources?      |  |  | | --- | --- | | **A.** | Organizations are collections of people who work together to achieve a wide variety of goals. |  |  |  | | --- | --- | | B. | Managers are responsible for making the most of an organization's human resources to achieve its goals. |  |  |  | | --- | --- | | C. | Management is the planning, organizing, leading, and controlling of human and other resources to achieve organizational goals efficiently and effectively. |  |  |  | | --- | --- | | D. | An organization's resources include assets such as machinery, raw materials, and computers and information technology. |  |  |  | | --- | --- | | E. | Organizational performance increases in an indirect proportion to increases in efficiency and effectiveness. |   Organizational performance is a measure of how efficiently and effectively managers use available resources to satisfy customers and achieve organizational goals. Organizational performance increases in direct proportion to increases in efficiency and effectiveness. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 2 Medium Learning Objective: 01-01 Describe what management is; why management is important; what managers do; and how managers use organizational resources efficiently and effectively to achieve organizational goals. Topic: What Is Management?* |

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| 37. | Which of the following is an appropriate definition of organizational performance?      |  |  | | --- | --- | | A. | It is the process of obtaining, analyzing, and recording information about the relative worth of an employee to the organization. |  |  |  | | --- | --- | | **B.** | It is a measure of how efficiently and effectively managers use available resources to satisfy customers and achieve organizational goals. |  |  |  | | --- | --- | | C. | It is an approach to modeling organizations using one-on-one interactions between members of the organization as a proxy for all value-adding activities in the organization. |  |  |  | | --- | --- | | D. | It is a management framework that uses and integrates existing management methods and techniques to help teams deliver ever-improving services. |  |  |  | | --- | --- | | E. | It is a measure of the interaction between the managerial culture, the workplace culture, and the surrounding culture. |   Organizational performance is a measure of how efficiently and effectively managers use available resources to satisfy customers and achieve organizational goals. Organizational performance increases in direct proportion to increases in efficiency and effectiveness. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 2 Medium Learning Objective: 01-01 Describe what management is; why management is important; what managers do; and how managers use organizational resources efficiently and effectively to achieve organizational goals. Topic: What Is Management?* |

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| 38. | \_\_\_\_\_ is a measure of how productively resources are used to achieve a goal.      |  |  | | --- | --- | | A. | Validity |  |  |  | | --- | --- | | B. | Generalizability |  |  |  | | --- | --- | | **C.** | Efficiency |  |  |  | | --- | --- | | D. | Effectiveness |  |  |  | | --- | --- | | E. | Reliability |   Efficiency is a measure of how productively resources are used to achieve a goal. Organizations are efficient when managers minimize the amount of input resources or the amount of time needed to produce a given output of goods or services. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-01 Describe what management is; why management is important; what managers do; and how managers use organizational resources efficiently and effectively to achieve organizational goals. Topic: What Is Management?* |

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| 39. | Which of the following is true of efficiency?      |  |  | | --- | --- | | A. | It is a measure of the appropriateness of the goals that managers have selected for the organization to pursue. |  |  |  | | --- | --- | | B. | Organizations are efficient when managers choose appropriate goals and then achieve them. |  |  |  | | --- | --- | | C. | Lesser the efficiency, higher the organizational performance. |  |  |  | | --- | --- | | **D.** | Organizations are efficient when managers minimize the amount of input resources. |  |  |  | | --- | --- | | E. | Organizations are efficient when managers maximize the amount of time needed to produce a given output of goods. |   Efficiency is a measure of how productively resources are used to achieve a goal. Organizations are efficient when managers minimize the amount of input resources or the amount of time needed to produce a given output of goods or services. |

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| *AACSB: Analytic Blooms: Understand Difficulty: 2 Medium Learning Objective: 01-01 Describe what management is; why management is important; what managers do; and how managers use organizational resources efficiently and effectively to achieve organizational goals. Topic: What Is Management?* |

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| 40. | \_\_\_\_\_ is a measure of the appropriateness of the goals that managers have selected for the organization to pursue and the degree to which the organization achieves those goals.      |  |  | | --- | --- | | A. | Efficiency |  |  |  | | --- | --- | | B. | Generalizability |  |  |  | | --- | --- | | C. | Reliability |  |  |  | | --- | --- | | D. | Utility |  |  |  | | --- | --- | | **E.** | Effectiveness |   Effectiveness is a measure of the appropriateness of the goals that managers have selected for the organization to pursue and the degree to which the organization achieves those goals. Organizations are effective when managers choose appropriate goals and then achieve them. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-01 Describe what management is; why management is important; what managers do; and how managers use organizational resources efficiently and effectively to achieve organizational goals. Topic: What Is Management?* |

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| 41. | Which of the following is true of effectiveness?      |  |  | | --- | --- | | **A.** | Organizational performance increases in direct proportion to increase in effectiveness. |  |  |  | | --- | --- | | B. | Organizations are effective when managers minimize the time needed to produce a given output of services. |  |  |  | | --- | --- | | C. | It is a measure of how productively resources are used to achieve a goal. |  |  |  | | --- | --- | | D. | Organizations are effective when managers minimize the amount of input resources. |  |  |  | | --- | --- | | E. | Effectiveness is related to performance but not efficiency. |   Effectiveness is a measure of the appropriateness of the goals that managers have selected for the organization to pursue and the degree to which the organization achieves those goals. Organizations are effective when managers choose appropriate goals and then achieve them. |

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| *AACSB: Analytic Blooms: Understand Difficulty: 2 Medium Learning Objective: 01-01 Describe what management is; why management is important; what managers do; and how managers use organizational resources efficiently and effectively to achieve organizational goals. Topic: What Is Management?* |

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| 42. | Which of the following is true of low efficiency/high effectiveness situations?      |  |  | | --- | --- | | A. | They arise when managers choose the wrong goals to pursue and make poor use of resources. |  |  |  | | --- | --- | | **B.** | They arise when managers choose the right goals to pursue, but do a poor job of using resources to achieve these goals. |  |  |  | | --- | --- | | C. | They arise when managers choose the right goals to pursue and make good use of resources to achieve these goals. |  |  |  | | --- | --- | | D. | They result in the production of a low-quality product that customers do not want. |  |  |  | | --- | --- | | E. | They result in the production of a high-quality product that customers do not want. |   Low efficiency/high effectiveness situations arise when manager choose the right goals to pursue, but do a poor job of using resources to achieve these goals. These situations result in the production of a product that customers want, but that is too expensive for them to buy. Refer: Figure 1.1 |

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| *AACSB: Analytic Blooms: Understand Difficulty: 2 Medium Learning Objective: 01-01 Describe what management is; why management is important; what managers do; and how managers use organizational resources efficiently and effectively to achieve organizational goals. Topic: What Is Management?* |

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| 43. | High efficiency/high effectiveness situations:      |  |  | | --- | --- | | A. | arise when managers choose the wrong goals to pursue and make poor use of resources. |  |  |  | | --- | --- | | B. | result in the production of a low-quality product that customers do not want. |  |  |  | | --- | --- | | **C.** | result in the production of a product that customers want at a quality and price that they can afford. |  |  |  | | --- | --- | | D. | result in the production of a product that customers want, but that is too expensive for them to buy. |  |  |  | | --- | --- | | E. | arise when managers choose inappropriate goals, but make good use of resources to pursue these goals. |   High efficiency/high effectiveness situations arise when managers choose the right goals to pursue and make good use of resources to achieve these goals. It results in the production of a product that customers want at a quality and price that they can afford. Refer: Figure 1.1 |

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| *AACSB: Analytic Blooms: Understand Difficulty: 2 Medium Learning Objective: 01-01 Describe what management is; why management is important; what managers do; and how managers use organizational resources efficiently and effectively to achieve organizational goals. Topic: What Is Management?* |

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| 44. | Which of the following is true of low efficiency/low effectiveness situations?      |  |  | | --- | --- | | A. | They arise when managers choose the right goals to pursue, but do a poor job of using resources to achieve these goals. |  |  |  | | --- | --- | | B. | They result in the production of a product that customers want, but that is too expensive for them to buy. |  |  |  | | --- | --- | | C. | They result in the production of a product that customers want at a quality and price that they can afford. |  |  |  | | --- | --- | | **D.** | They arise when managers choose the wrong goals to pursue and make poor use of resources. |  |  |  | | --- | --- | | E. | They arise when managers choose inappropriate goals, but make good use of resources to pursue these goals. |   Low efficiency/low effectiveness situations arise when managers choose the wrong goals to pursue and make poor use of resources. It results in the production of a low-quality product that customers do not want. Refer: Figure 1.1 |

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| *AACSB: Analytic Blooms: Understand Difficulty: 2 Medium Learning Objective: 01-01 Describe what management is; why management is important; what managers do; and how managers use organizational resources efficiently and effectively to achieve organizational goals. Topic: What Is Management?* |

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| 45. | The goals chosen by the management of Dino's Cafe seemed inappropriate for the store, but the management did make good use of the various resources in pursuing these goals. Dino's Cafe is said to have:      |  |  | | --- | --- | | A. | low efficiency and high effectiveness. |  |  |  | | --- | --- | | B. | high efficiency and high effectiveness. |  |  |  | | --- | --- | | C. | low efficiency and low effectiveness. |  |  |  | | --- | --- | | D. | low conceptual skills and low human skills. |  |  |  | | --- | --- | | **E.** | high efficiency and low effectiveness. |   High efficiency/low effectiveness situations arise when managers choose inappropriate goals, but make good use of resources to pursue these goals. It results in the production of a high-quality product that customers do not want. Refer: Figure 1.1 |

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| *AACSB: Analytic Blooms: Apply Difficulty: 2 Medium Learning Objective: 01-01 Describe what management is; why management is important; what managers do; and how managers use organizational resources efficiently and effectively to achieve organizational goals. Topic: What Is Management?* |

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| 46. | In what order do managers typically perform the managerial functions?      |  |  | | --- | --- | | A. | Organizing, planning, controlling, leading |  |  |  | | --- | --- | | B. | Organizing, leading, planning, controlling |  |  |  | | --- | --- | | **C.** | Planning, organizing, leading, controlling |  |  |  | | --- | --- | | D. | Planning, organizing, controlling, leading |  |  |  | | --- | --- | | E. | Leading, organizing, planning, controlling |   Typically, the order in which managers perform the managerial functions are: (1) planning, (2) organizing, (3) controlling, and (4) leading. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-02 Distinguish among planning; organizing; leading; and controlling (the four principal managerial tasks); and explain how managers' ability to handle each one affects organizational performance. Topic: Essential Managerial Tasks* |

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| 47. | To perform the \_\_\_\_\_ task, managers identify and select appropriate organizational goals and courses of action.      |  |  | | --- | --- | | **A.** | planning |  |  |  | | --- | --- | | B. | organizing |  |  |  | | --- | --- | | C. | leading |  |  |  | | --- | --- | | D. | controlling |  |  |  | | --- | --- | | E. | commanding |   To perform the planning task, managers identify and select appropriate organizational goals and courses of action; they develop strategies for how to achieve high performance. The three steps involved in planning are (1) deciding which goals the organization will pursue, (2) deciding what strategies to adopt to attain those goals, and (3) deciding how to allocate organizational resources to pursue the strategies that attain those goals. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-02 Distinguish among planning; organizing; leading; and controlling (the four principal managerial tasks); and explain how managers' ability to handle each one affects organizational performance. Topic: Essential Managerial Tasks* |

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| 48. | How to allocate organizational resources to pursue the strategies that attain set goals, is a question addressed during:      |  |  | | --- | --- | | A. | regulating. |  |  |  | | --- | --- | | **B.** | planning. |  |  |  | | --- | --- | | C. | leading. |  |  |  | | --- | --- | | D. | controlling. |  |  |  | | --- | --- | | E. | commanding. |   To perform the planning task, managers identify and select appropriate organizational goals and courses of action; they develop strategies for how to achieve high performance. The three steps involved in planning are (1) deciding which goals the organization will pursue, (2) deciding what strategies to adopt to attain those goals, and (3) deciding how to allocate organizational resources to pursue the strategies that attain those goals. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-02 Distinguish among planning; organizing; leading; and controlling (the four principal managerial tasks); and explain how managers' ability to handle each one affects organizational performance. Topic: Essential Managerial Tasks* |

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| 49. | Which of the following refers to a cluster of decisions concerning what organizational goals to pursue, what actions to take, and how to use resources to achieve these goals?      |  |  | | --- | --- | | A. | Synergy |  |  |  | | --- | --- | | B. | Value |  |  |  | | --- | --- | | **C.** | Strategy |  |  |  | | --- | --- | | D. | Mission |  |  |  | | --- | --- | | E. | Business model |   Strategy refers to a cluster of decisions concerning what organizational goals to pursue, what actions to take, and how to use resources to achieve these goals. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-02 Distinguish among planning; organizing; leading; and controlling (the four principal managerial tasks); and explain how managers' ability to handle each one affects organizational performance. Topic: Essential Managerial Tasks* |

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| 50. | Which of the following strategies helps an organization to obtain customers by making decisions that allow it to produce goods or services more cheaply than its competitors?      |  |  | | --- | --- | | A. | Disintermediation strategy |  |  |  | | --- | --- | | B. | Centralization strategy |  |  |  | | --- | --- | | C. | Penetration strategy |  |  |  | | --- | --- | | **D.** | Low-cost strategy |  |  |  | | --- | --- | | E. | Differentiation strategy |   A low-cost strategy is a way of obtaining customers by making decisions that allow an organization to produce goods or services more cheaply than its competitors so it can charge lower prices than they do. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-02 Distinguish among planning; organizing; leading; and controlling (the four principal managerial tasks); and explain how managers' ability to handle each one affects organizational performance. Topic: Essential Managerial Tasks* |

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| 51. | The strategy of delivering new, exciting, and unique products to the customers is known as a \_\_\_\_\_ strategy.      |  |  | | --- | --- | | A. | low-cost |  |  |  | | --- | --- | | B. | disintermediation |  |  |  | | --- | --- | | C. | centralization |  |  |  | | --- | --- | | D. | penetration |  |  |  | | --- | --- | | **E.** | differentiation |   The strategy of delivering new, exciting, and unique products to the customers is known as a differentiation strategy. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-02 Distinguish among planning; organizing; leading; and controlling (the four principal managerial tasks); and explain how managers' ability to handle each one affects organizational performance. Topic: Essential Managerial Tasks* |

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| 52. | \_\_\_\_\_ is the process of structuring working relationships so that organizational members interact and cooperate to achieve organizational goals.      |  |  | | --- | --- | | A. | Planning |  |  |  | | --- | --- | | B. | Leading |  |  |  | | --- | --- | | C. | Commanding |  |  |  | | --- | --- | | D. | Controlling |  |  |  | | --- | --- | | **E.** | Organizing |   Organizing is structuring working relationships so organizational members interact and cooperate to achieve organizational goals. Organizing people into departments according to the kinds of job-specific tasks they perform lays out the lines of authority and responsibility among different individuals and groups. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-02 Distinguish among planning; organizing; leading; and controlling (the four principal managerial tasks); and explain how managers' ability to handle each one affects organizational performance. Topic: Essential Managerial Tasks* |

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| 53. | When a manager lays out the lines of authority and responsibility among different individuals and groups, the manager is:      |  |  | | --- | --- | | **A.** | organizing. |  |  |  | | --- | --- | | B. | leading. |  |  |  | | --- | --- | | C. | controlling. |  |  |  | | --- | --- | | D. | planning. |  |  |  | | --- | --- | | E. | staffing. |   Organizing is structuring working relationships so organizational members interact and cooperate to achieve organizational goals. Organizing people into departments according to the kinds of job-specific tasks they perform lays out the lines of authority and responsibility among different individuals and groups. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-02 Distinguish among planning; organizing; leading; and controlling (the four principal managerial tasks); and explain how managers' ability to handle each one affects organizational performance. Topic: Essential Managerial Tasks* |

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| 54. | A formal system of reporting relationships that coordinates and motivates organizational members so that they work together to attempt to achieve organizational goals is called an organizational:      |  |  | | --- | --- | | A. | culture. |  |  |  | | --- | --- | | B. | psychology. |  |  |  | | --- | --- | | **C.** | structure. |  |  |  | | --- | --- | | D. | assimilation. |  |  |  | | --- | --- | | E. | chart. |   Organizing is structuring working relationships so organizational members interact and cooperate to achieve organizational goals. Organizing people into departments according to the kinds of job-specific tasks they perform lays out the lines of authority and responsibility among different individuals and groups. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-02 Distinguish among planning; organizing; leading; and controlling (the four principal managerial tasks); and explain how managers' ability to handle each one affects organizational performance. Topic: Essential Managerial Tasks* |

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| 55. | An organization's \_\_\_\_\_ is a short, succinct, and inspiring statement of what the organization intends to become.      |  |  | | --- | --- | | A. | goal |  |  |  | | --- | --- | | B. | value |  |  |  | | --- | --- | | C. | strategy |  |  |  | | --- | --- | | **D.** | vision |  |  |  | | --- | --- | | E. | mission |   An organization's vision is a short, succinct, and inspiring statement of what the organization intends to become and the goals it is seeking to achieve—its desired future state. In leading, managers articulate a clear organizational vision for the organization's members to accomplish, and they energize and enable employees so everyone understands the part he/she plays in achieving organizational goals. |

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| 56. | When managers \_\_\_\_\_, they articulate a clear organizational vision for the organization's members to accomplish, and they energize and enable employees so that everyone understands the part he/she plays in achieving organizational goals.      |  |  | | --- | --- | | A. | plan |  |  |  | | --- | --- | | B. | organize |  |  |  | | --- | --- | | C. | control |  |  |  | | --- | --- | | D. | command |  |  |  | | --- | --- | | **E.** | lead |   In leading, managers articulate a clear organizational vision for the organization's members to accomplish, and they energize and enable employees so that everyone understands the part he/she plays in achieving organizational goals. |

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| 57. | Which of the managerial functions involves managers using their power, personality, influence, persuasion, and communication skills to coordinate people and groups so that their activities and efforts are in harmony?      |  |  | | --- | --- | | **A.** | Leading |  |  |  | | --- | --- | | B. | Planning |  |  |  | | --- | --- | | C. | Organizing |  |  |  | | --- | --- | | D. | Controlling |  |  |  | | --- | --- | | E. | Arranging |   Leadership involves managers using their power, personality, influence, persuasion, and communication skills to coordinate people and groups so their activities and efforts are in harmony. It revolves around encouraging all employees to perform at a high level to help the organization achieve its vision and goals. |

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| 58. | Which of the following is true of leadership?      |  |  | | --- | --- | | A. | It helps managers evaluate how well they themselves are performing. |  |  |  | | --- | --- | | **B.** | It revolves around encouraging all employees to perform at a high level to help the organization achieve its vision and goals. |  |  |  | | --- | --- | | C. | Managers evaluate how well an organization has achieved its goals and take corrective actions needed to improve performance. |  |  |  | | --- | --- | | D. | It revolves around regulation of organizational efficiency and effectiveness. |  |  |  | | --- | --- | | E. | Managers decide which goals to measure and then design control systems that will provide the information necessary to assess performance. |   Leadership revolves around encouraging all employees to perform at a high level to help the organization achieve its vision and goals. Another outcome of leadership is a highly motivated and committed workforce. |

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| 59. | In \_\_\_\_\_, the task of managers is to evaluate how well an organization has achieved its goals and to take any corrective actions needed to maintain or improve performance.      |  |  | | --- | --- | | A. | planning |  |  |  | | --- | --- | | B. | organizing |  |  |  | | --- | --- | | C. | leading |  |  |  | | --- | --- | | D. | staffing |  |  |  | | --- | --- | | **E.** | controlling |   In controlling, the task of managers is to evaluate how well an organization has achieved its goals and to take any corrective actions needed to maintain or improve performance. The outcome of the control process is the ability to measure performance accurately and regulate organizational efficiency and effectiveness. |

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| 60. | Which of the following processes gives the managers the ability to measure performance accurately and regulate organizational efficiency and effectiveness?      |  |  | | --- | --- | | **A.** | Controlling |  |  |  | | --- | --- | | B. | Planning |  |  |  | | --- | --- | | C. | Organizing |  |  |  | | --- | --- | | D. | Leading |  |  |  | | --- | --- | | E. | Staffing |   In controlling, the task of managers is to evaluate how well an organization has achieved its goals and to take any corrective actions needed to maintain or improve performance. The outcome of the control process is the ability to measure performance accurately and regulate organizational efficiency and effectiveness. |

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| 61. | Mark, a manager at Matt's Shack, monitors the work performance of workers in his department to determine if the quality of their work is meeting the standards of the company. Mark is engaging in which of the following managerial functions?      |  |  | | --- | --- | | A. | Planning |  |  |  | | --- | --- | | B. | Staffing |  |  |  | | --- | --- | | C. | Organizing |  |  |  | | --- | --- | | D. | Leading |  |  |  | | --- | --- | | **E.** | Controlling |   In controlling, the task of managers is to evaluate how well an organization has achieved its goals and to take any corrective actions needed to maintain or improve performance. The outcome of the control process is the ability to measure performance accurately and regulate organizational efficiency and effectiveness. |

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| 62. | Susan, the CEO of United Group Ltd., reviews the performance of her company in the past month's Profit & Loss Statement to determine if the company is on pace to meet the planned sales and profitability goals. Susan is engaged in which of the following managerial functions?      |  |  | | --- | --- | | A. | Planning |  |  |  | | --- | --- | | B. | Organizing |  |  |  | | --- | --- | | C. | Staffing |  |  |  | | --- | --- | | **D.** | Controlling |  |  |  | | --- | --- | | E. | Leading |   In controlling, the task of managers is to evaluate how well an organization has achieved its goals and to take any corrective actions needed to maintain or improve performance. The outcome of the control process is the ability to measure performance accurately and regulate organizational efficiency and effectiveness. |

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| 63. | First-line managers:      |  |  | | --- | --- | | A. | increase efficiency by helping middle-level managers better use resources to reduce manufacturing costs or improve customer service. |  |  |  | | --- | --- | | **B.** | are also known as supervisors. |  |  |  | | --- | --- | | C. | are at the top of the managerial hierarchy. |  |  |  | | --- | --- | | D. | work in one single department of an organization. |  |  |  | | --- | --- | | E. | are responsible for finding the best way to organize human and other resources to achieve organizational goals. |   At the base of the managerial hierarchy are first-line managers, often called supervisors. They are responsible for daily supervision of the nonmanagerial employees who perform the specific activities necessary to produce goods and services. |

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| *AACSB: Analytic Blooms: Understand Difficulty: 2 Medium Learning Objective: 01-03 Differentiate among three levels of management; and understand the tasks and responsibilities of managers at different levels in the organizational hierarchy. Topic: Levels and Skills of Managers* |

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| 64. | Which of the following is true of middle managers?      |  |  | | --- | --- | | A. | They decide how the different departments should interact. |  |  |  | | --- | --- | | B. | They are responsible for daily supervision of the nonmanagerial employees who perform the specific activities necessary to produce goods and services. |  |  |  | | --- | --- | | **C.** | They develop and fine-tune skills and know-how that allow the organization to be efficient and effective. |  |  |  | | --- | --- | | D. | They are responsible for the performance of all departments. |  |  |  | | --- | --- | | E. | They establish organizational goals. |   To increase effectiveness, middle managers evaluate whether the organization's goals are appropriate and suggest to top managers how goals should be changed. A major part of the middle manager's job is developing and fine-tuning skills and know-how, such as manufacturing or marketing expertise, that allow the organization to be efficient and effective. |

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| 65. | Which of the following is true of top managers?      |  |  | | --- | --- | | A. | They are responsible for finding the best way to organize human and other resources to achieve organizational goals. |  |  |  | | --- | --- | | B. | They are responsible for daily supervision of the nonmanagerial employees who perform the specific activities necessary to produce goods and services. |  |  |  | | --- | --- | | C. | They find ways to help first-line managers and nonmanagerial employees better use resources to reduce manufacturing costs or improve customer service. |  |  |  | | --- | --- | | **D.** | They have cross-departmental responsibility. |  |  |  | | --- | --- | | E. | They are responsible for a single department. |   In contrast to middle managers, top managers are responsible for the performance of all departments. They have cross-departmental responsibility. Top managers establish organizational goals, such as which goods and services the company should produce; they decide how the different departments should interact; and they monitor how well middle managers in each department use resources to achieve goals. |

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| *AACSB: Analytic Blooms: Understand Difficulty: 2 Medium Learning Objective: 01-03 Differentiate among three levels of management; and understand the tasks and responsibilities of managers at different levels in the organizational hierarchy. Topic: Levels and Skills of Managers* |

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| 66. | Who amongst the following is most likely to be a part of the top management team?      |  |  | | --- | --- | | A. | Supervisor |  |  |  | | --- | --- | | B. | Head nurse |  |  |  | | --- | --- | | C. | Chief mechanic |  |  |  | | --- | --- | | D. | Divisional manager |  |  |  | | --- | --- | | **E.** | Chief executive officer |   The chief executive officer (CEO) is a company's most senior and important manager, the one all other top managers report to. A central concern of the CEO is the creation of a smoothly functioning top management team, a group composed of the CEO, the chief operating officer (COO), and the vice presidents most responsible for achieving organizational goals. |

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| *AACSB: Analytic Blooms: Apply Difficulty: 2 Medium Learning Objective: 01-03 Differentiate among three levels of management; and understand the tasks and responsibilities of managers at different levels in the organizational hierarchy. Topic: Levels and Skills of Managers* |

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| 67. | Being a part of top management at a large fast food chain, Donald is most likely to spend more of his time in:      |  |  | | --- | --- | | **A.** | planning and organizing resources. |  |  |  | | --- | --- | | B. | planning and controlling nonmanagerial employees. |  |  |  | | --- | --- | | C. | planning and leading first-line managers. |  |  |  | | --- | --- | | D. | organizing resources and controlling nonmanagerial employees. |  |  |  | | --- | --- | | E. | organizing resources and leading first-line managers. |   The amount of time managers spend planning and organizing resources to maintain and improve organizational performance increases as they ascend the hierarchy. Top managers devote most of their time to planning and organizing, the tasks so crucial to determining an organization's long-term performance. The lower that managers' positions are in the hierarchy, the more time the managers spend leading and controlling first-line managers or nonmanagerial employees. |

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| *AACSB: Analytic Blooms: Apply Difficulty: 2 Medium Learning Objective: 01-03 Differentiate among three levels of management; and understand the tasks and responsibilities of managers at different levels in the organizational hierarchy. Topic: Levels and Skills of Managers* |

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| 68. | The ability to analyze and diagnose a situation and to distinguish between cause and effect demonstrates a manager's:      |  |  | | --- | --- | | A. | interpersonal skills. |  |  |  | | --- | --- | | **B.** | conceptual skills. |  |  |  | | --- | --- | | C. | human skills. |  |  |  | | --- | --- | | D. | technical skills. |  |  |  | | --- | --- | | E. | communication skills. |   Conceptual skills are demonstrated in the general ability to analyze and diagnose a situation and to distinguish between cause and effect. Top managers require the best conceptual skills because their primary responsibilities are planning and organizing. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-04 Distinguish among three kinds of managerial skill; and explain why managers are divided into different departments. Topic: Levels and Skills of Managers* |

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| 69. | \_\_\_\_\_ skills include the general ability to understand, alter, lead, and control the behavior of individuals and groups.      |  |  | | --- | --- | | A. | Analytic |  |  |  | | --- | --- | | B. | Cognitive |  |  |  | | --- | --- | | **C.** | Human |  |  |  | | --- | --- | | D. | Technical |  |  |  | | --- | --- | | E. | Conceptual |   Human skills include the general ability to understand, alter, lead, and control the behavior of other individuals and groups. The ability to communicate, to coordinate, and to motivate people, and to mold individuals into a cohesive team distinguishes effective from ineffective managers. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-04 Distinguish among three kinds of managerial skill; and explain why managers are divided into different departments. Topic: Levels and Skills of Managers* |

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| 70. | The job-specific skills required to perform a particular type of work at a high level are a part of a manager's:      |  |  | | --- | --- | | A. | human skills. |  |  |  | | --- | --- | | B. | communication skills. |  |  |  | | --- | --- | | C. | interpersonal skills. |  |  |  | | --- | --- | | **D.** | technical skills. |  |  |  | | --- | --- | | E. | conceptual skills. |   Technical skills are the job-specific skills required to perform a particular type of work or occupation at a high level. Examples include a manager's specific manufacturing, accounting, marketing, and increasingly, IT skills. |

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| 71. | The specific set of departmental skills, knowledge, and experience that allows one organization to outperform its rivals is known as the organization's:      |  |  | | --- | --- | | A. | strategy. |  |  |  | | --- | --- | | B. | vision. |  |  |  | | --- | --- | | C. | goal. |  |  |  | | --- | --- | | D. | mission. |  |  |  | | --- | --- | | **E.** | core competency. |   The term "core competency" is often used to refer to the specific set of departmental skills, knowledge, and experience that allows one organization to outperform its competitors. In other words, departmental skills that create a core competency give an organization a competitive advantage. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-04 Distinguish among three kinds of managerial skill; and explain why managers are divided into different departments. Topic: Levels and Skills of Managers* |

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| 72. | Simplifying, shrinking, or downsizing an organization's operations to lower operating costs is known as:      |  |  | | --- | --- | | **A.** | restructuring. |  |  |  | | --- | --- | | B. | outsourcing. |  |  |  | | --- | --- | | C. | empowering. |  |  |  | | --- | --- | | D. | innovating. |  |  |  | | --- | --- | | E. | telecommuting. |   Restructuring involves simplifying, shrinking, or downsizing an organization's operations to lower operating costs. It can be done by eliminating product teams, shrinking departments, and reducing levels in the hierarchy, all of which result in the loss of large numbers of jobs of top, middle, or first-line managers, as well as nonmanagerial employees. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-05 Discuss some major changes in management practices today that have occurred as a result of globalization and the use of advanced information technology (IT). Topic: Recent Changes in Management Practices* |

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| 73. | Fresh Farms, Inc., is facing financial problems. In order to tackle the situation, the management has decided to reduce the number of middle managers by 20 percent to help them cut costs. This is an example of:      |  |  | | --- | --- | | A. | telecommuting. |  |  |  | | --- | --- | | **B.** | restructuring. |  |  |  | | --- | --- | | C. | outsourcing. |  |  |  | | --- | --- | | D. | empowering. |  |  |  | | --- | --- | | E. | innovating. |   Restructuring involves simplifying, shrinking, or downsizing an organization's operations to lower operating costs. It can be done by eliminating product teams, shrinking departments, and reducing levels in the hierarchy, all of which result in the loss of large numbers of jobs of top, middle, or first-line managers, as well as nonmanagerial employees. |

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| *AACSB: Analytic Blooms: Apply Difficulty: 2 Medium Learning Objective: 01-05 Discuss some major changes in management practices today that have occurred as a result of globalization and the use of advanced information technology (IT). Topic: Recent Changes in Management Practices* |

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| 74. | The company for which Margaret works has announced that due to declining global sales, it will lay off 12 percent of its labor force. This is an example of:      |  |  | | --- | --- | | A. | innovating. |  |  |  | | --- | --- | | B. | telecommuting. |  |  |  | | --- | --- | | **C.** | restructuring. |  |  |  | | --- | --- | | D. | outsourcing. |  |  |  | | --- | --- | | E. | empowering. |   Restructuring involves simplifying, shrinking, or downsizing an organization's operations to lower operating costs. It can be done by eliminating product teams, shrinking departments, and reducing levels in the hierarchy, all of which result in the loss of large numbers of jobs of top, middle, or first-line managers, as well as nonmanagerial employees. |

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| 75. | Which of the following is true of restructuring?      |  |  | | --- | --- | | A. | It increases the operating costs. |  |  |  | | --- | --- | | **B.** | It reduces the morale of the remaining employees. |  |  |  | | --- | --- | | C. | It does not change the levels in hierarchy. |  |  |  | | --- | --- | | D. | It affects nonmanagerial employees, but not managerial employees. |  |  |  | | --- | --- | | E. | Modern information technology's ability to improve efficiency has lessened the amount of restructuring in recent years. |   Restructuring produces some powerful negative outcomes. It can reduce the morale of remaining employees, who worry about their own job security. And top managers of many downsized organizations realize that they downsized too far when their employees complain they are overworked and when increasing numbers of customers complain about poor service. |

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| *AACSB: Analytic Blooms: Understand Difficulty: 2 Medium Learning Objective: 01-05 Discuss some major changes in management practices today that have occurred as a result of globalization and the use of advanced information technology (IT). Topic: Recent Changes in Management Practices* |

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| 76. | \_\_\_\_\_ involves contracting with another company, in a low-cost country abroad, to have it perform a work activity the organization previously performed itself.      |  |  | | --- | --- | | A. | Integrating |  |  |  | | --- | --- | | B. | Telecommuting |  |  |  | | --- | --- | | **C.** | Outsourcing |  |  |  | | --- | --- | | D. | Restructuring |  |  |  | | --- | --- | | E. | Insourcing |   Outsourcing involves contracting with another company, in a low-cost country abroad. It increases efficiency because it lowers operating costs, freeing up money and resources that can then be used in more effective ways. |

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| 77. | Which of the following management techniques involves giving employees more authority and responsibility over how they perform their work activities?      |  |  | | --- | --- | | A. | Innovation |  |  |  | | --- | --- | | B. | Total quality management |  |  |  | | --- | --- | | **C.** | Empowerment |  |  |  | | --- | --- | | D. | Outsourcing |  |  |  | | --- | --- | | E. | Restructuring |   Empowerment is a management technique that involves giving employees more authority and responsibility over how they perform their work activities. Information technology is being increasingly used to empower employees because it expands employees' job knowledge and increases the scope of their job responsibilities. |

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| 78. | A bank allows its tellers to not only handle deposits and disbursement, but also distribute traveler's checks and sell certificates of deposit. This is an example of:      |  |  | | --- | --- | | A. | innovation. |  |  |  | | --- | --- | | B. | restructuring. |  |  |  | | --- | --- | | C. | total quality management. |  |  |  | | --- | --- | | **D.** | empowerment. |  |  |  | | --- | --- | | E. | outsourcing. |   Empowerment is a management technique that involves giving employees more authority and responsibility over how they perform their work activities. Information technology is being increasingly used to empower employees because it expands employees' job knowledge and increases the scope of their job responsibilities. |

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| *AACSB: Analytic Blooms: Apply Difficulty: 2 Medium Learning Objective: 01-05 Discuss some major changes in management practices today that have occurred as a result of globalization and the use of advanced information technology (IT). Topic: Recent Changes in Management Practices* |

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| 79. | George works as the human resource manager at Maddy's Confectionaries. It was mandatory for his subordinates to obtain his signature on every document related to the hiring of a new employee. When he realized that this was increasing the duration of the hiring process, he told his subordinates that they no longer needed his signature unless the hire involved extraordinary circumstances. This is an example of:      |  |  | | --- | --- | | A. | restructuring. |  |  |  | | --- | --- | | B. | outsourcing. |  |  |  | | --- | --- | | C. | total quality management. |  |  |  | | --- | --- | | **D.** | empowerment. |  |  |  | | --- | --- | | E. | innovation. |   Empowerment is a management technique that involves giving employees more authority and responsibility over how they perform their work activities. Information technology is being increasingly used to empower employees because it expands employees' job knowledge and increases the scope of their job responsibilities. |

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| *AACSB: Analytic Blooms: Apply Difficulty: 2 Medium Learning Objective: 01-05 Discuss some major changes in management practices today that have occurred as a result of globalization and the use of advanced information technology (IT). Topic: Recent Changes in Management Practices* |

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| 80. | Which of the following is an accurate definition of a self-managed team?      |  |  | | --- | --- | | A. | It is a group of people who work interdependently and with shared purpose across space, time, and organization boundaries using technology to communicate and collaborate. |  |  |  | | --- | --- | | B. | It involves several professionals who independently address various issues that an organization may have, focusing on the issues in which they specialize. |  |  |  | | --- | --- | | C. | It lessens the autonomy enjoyed by the employee. |  |  |  | | --- | --- | | **D.** | It refers to a group of employees who assume collective responsibility for organizing, controlling, and supervising their own work activities. |  |  |  | | --- | --- | | E. | It refers to a team used only for a defined period of time and for a separate, concretely definable purpose. |   Information technology facilitates the use of a self-managed team, a group of employees who assume collective responsibility for organizing, controlling, and supervising their own work activities. Using IT designed to give team members real-time information about each member's performance, a self-managed team can often find ways to accomplish a task more quickly and efficiently. |

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| *AACSB: Analytic Blooms: Understand Difficulty: 2 Medium Learning Objective: 01-05 Discuss some major changes in management practices today that have occurred as a result of globalization and the use of advanced information technology (IT). Topic: Recent Changes in Management Practices* |

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| 81. | Organizations that operate and compete in more than one country are known as:      |  |  | | --- | --- | | A. | domestic organizations. |  |  |  | | --- | --- | | B. | central organizations. |  |  |  | | --- | --- | | C. | holding organizations. |  |  |  | | --- | --- | | D. | quasi-autonomous organizations. |  |  |  | | --- | --- | | **E.** | global organizations. |   Global organizations are organizations that operate and compete in more than one country. The rise of such organizations has pressured many organizations to identify better ways to use their resources and improve their performance. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-06 Discuss the principal challenges managers face in today's increasingly competitive global environment. Topic: Challenges for Management in a Global Environment* |

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| 82. | The ability of one organization to outperform other organizations because it produces desired goods or services more efficiently and effectively than its competitors is known as its:      |  |  | | --- | --- | | **A.** | competitive advantage. |  |  |  | | --- | --- | | B. | strategy. |  |  |  | | --- | --- | | C. | absolute advantage. |  |  |  | | --- | --- | | D. | goal. |  |  |  | | --- | --- | | E. | mission. |   Competitive advantage is the ability of one organization to outperform other organizations because it produces desired goods or services more efficiently and effectively than its competitors. The four building blocks of competitive advantage are superior efficiency, quality, innovation, and responsiveness to customers. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-06 Discuss the principal challenges managers face in today's increasingly competitive global environment. Topic: Challenges for Management in a Global Environment* |

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| 83. | \_\_\_\_\_ refers to the ease with which a company changes or alters the way it performs its activities to respond to actions of its competitors.      |  |  | | --- | --- | | A. | Speed |  |  |  | | --- | --- | | **B.** | Flexibility |  |  |  | | --- | --- | | C. | Innovativeness |  |  |  | | --- | --- | | D. | Stability |  |  |  | | --- | --- | | E. | Differentiation |   Today companies can win or lose the competitive race depending on their speed—how fast they can bring new products to market—or their flexibility—how easily they can change or alter the way they perform their activities to respond to actions of their competitors. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-06 Discuss the principal challenges managers face in today's increasingly competitive global environment. Topic: Challenges for Management in a Global Environment* |

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| 84. | The process of creating new or improved goods and services that customers want or developing better ways to produce or provide goods and services is known as:      |  |  | | --- | --- | | A. | invention. |  |  |  | | --- | --- | | B. | diffusion. |  |  |  | | --- | --- | | **C.** | innovation. |  |  |  | | --- | --- | | D. | differentiation. |  |  |  | | --- | --- | | E. | integration. |   Innovation, the process of creating new or improved goods and services that customers want or developing better ways to produce or provide goods and services, poses a special challenge. Managers must create an organizational setting in which people are encouraged to be innovative. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-06 Discuss the principal challenges managers face in today's increasingly competitive global environment. Topic: Challenges for Management in a Global Environment* |

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| 85. | \_\_\_\_\_ is the creation of a new vision for a struggling company based on a new approach to planning and organizing to make better use of a company's resources and allow it to survive and prosper.      |  |  | | --- | --- | | A. | Performance management |  |  |  | | --- | --- | | B. | Total quality management |  |  |  | | --- | --- | | C. | Scientific management |  |  |  | | --- | --- | | **D.** | Turnaround management |  |  |  | | --- | --- | | E. | Impression management |   Turnaround management is the creation of a new vision for a struggling company using a new approach to planning and organizing to make better use of a company's resources and allow it to survive and eventually prosper. It involves developing radical new strategies such as how to reduce the number of products sold or change how they are made and distributed, or close corporate and manufacturing operations to reduce costs. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-06 Discuss the principal challenges managers face in today's increasingly competitive global environment. Topic: Challenges for Management in a Global Environment* |

**Essay Questions**

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| 86. | What is organizational performance and what is its relationship with efficiency and effectiveness?     Organizational performance is a measure of how efficiently and effectively managers use available resources to satisfy customers and achieve organizational goals. Organizational performance increases in direct proportion to increases in efficiency and effectiveness. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-01 Describe what management is; why management is important; what managers do; and how managers use organizational resources efficiently and effectively to achieve organizational goals. Topic: What Is Management?* |

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| 87. | Define efficiency. When is an organization said to be efficient?     Efficiency is a measure of how productively resources are used to achieve a goal. Organizations are efficient when managers minimize the amount of input resources (such as labor, raw materials, and component parts) or the amount of time needed to produce a given output of goods or services. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-01 Describe what management is; why management is important; what managers do; and how managers use organizational resources efficiently and effectively to achieve organizational goals. Topic: What Is Management?* |

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| 88. | Explain effectiveness. When is an organization said to be effective?     Effectiveness is a measure of the appropriateness of the goals that managers have selected for the organization to pursue and the degree to which the organization achieves those goals. Organizations are effective when managers choose appropriate goals and then achieve them. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-01 Describe what management is; why management is important; what managers do; and how managers use organizational resources efficiently and effectively to achieve organizational goals. Topic: What Is Management?* |

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| 89. | What are the reasons behind studying management?     Some of the reasons of studying management are:  • In any society or culture resources are valuable and scarce; so the more efficient and effective use that organizations can make of those resources, the greater the relative well-being and prosperity of people in that society. Because managers decide how to use many of a society's most valuable resources, they directly impact the well-being of a society and the people in it. Understanding what managers do and how they do it is of central importance to understanding how a society creates wealth and affluence for its citizens. • Although most people are not managers, and many may never intend to become managers, almost all of us encounter managers because most people have jobs and bosses. Moreover, many people today work in groups and teams and have to deal with coworkers. Studying management helps people deal with their bosses and their coworkers. It reveals how to understand other people at work and make decisions and take actions that win the attention and support of the boss and coworkers. Management teaches people not yet in positions of authority how to lead coworkers, solve conflicts between them, achieve team goals, and thus increase performance. • In any society, people are in competition for a very important resource—a job that pays well and provides an interesting and satisfying career; and understanding management is one important path toward obtaining this objective. |

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| *AACSB: Analytic Blooms: Understand Difficulty: 3 Hard Learning Objective: 01-01 Describe what management is; why management is important; what managers do; and how managers use organizational resources efficiently and effectively to achieve organizational goals. Topic: What Is Management?* |

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| 90. | Define planning. What are the three steps in the planning process?     Planning is the process of identifying and selecting appropriate goals. The three steps involved in planning are:  • deciding which goals the organization will pursue, • deciding what strategies to adopt to attain those goals, and • deciding how to allocate organizational resources to pursue the strategies that attain those goals. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 2 Medium Learning Objective: 01-02 Distinguish among planning; organizing; leading; and controlling (the four principal managerial tasks); and explain how managers' ability to handle each one affects organizational performance. Topic: Essential Managerial Tasks* |

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| 91. | Explain the following terms: strategy, low-cost strategy, and differentiation strategy.     To perform the planning task, managers identify and select appropriate organizational goals and courses of action; they develop strategies for how to achieve high performance.  • Strategy refers to cluster of decisions concerning what organizational goals to pursue, what actions to take, and how to use resources to achieve these goals. • A low-cost strategy is a way of obtaining customers by making decisions that allow an organization to produce goods or services more cheaply than its competitors so it can charge lower prices than they do. • A differentiation strategy is a way of obtaining customers by offering them new, exciting, and unique goods or services. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 2 Medium Learning Objective: 01-02 Distinguish among planning; organizing; leading; and controlling (the four principal managerial tasks); and explain how managers' ability to handle each one affects organizational performance. Topic: Essential Managerial Tasks* |

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| 92. | What does the managerial function of organizing involve? What is its outcome?     Organizing is structuring working relationships so that organizational members interact and cooperate to achieve organizational goals. Organizing people into departments according to the kinds of job-specific tasks they perform lays out the lines of authority and responsibility among different individuals and groups. The outcome of organizing is the creation of an organizational structure, a formal system of task and reporting relationships that coordinates and motivates members so they work together to achieve organizational goals. Organizational structure determines how an organization's resources can be best used to create goods and services. |

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| *AACSB: Analytic Blooms: Understand Difficulty: 2 Medium Learning Objective: 01-02 Distinguish among planning; organizing; leading; and controlling (the four principal managerial tasks); and explain how managers' ability to handle each one affects organizational performance. Topic: Essential Managerial Tasks* |

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| 93. | Discuss the managerial function of leading. What is its outcome?     In leading, managers articulate a clear organizational vision for the organization's members to accomplish, and they energize and enable employees so everyone understands the part he/she plays in achieving organizational goals. Leadership involves managers using their power, personality, influence, persuasion, and communication skills to coordinate people and groups so that their activities and efforts are in harmony. Leadership revolves around encouraging all employees to perform at a high level to help the organization achieve its vision and goals. Another outcome of leadership is a highly motivated and committed workforce. |

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| *AACSB: Analytic Blooms: Understand Difficulty: 2 Medium Learning Objective: 01-02 Distinguish among planning; organizing; leading; and controlling (the four principal managerial tasks); and explain how managers' ability to handle each one affects organizational performance. Topic: Essential Managerial Tasks* |

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| 94. | What does the managerial function of controlling involve?     In controlling, the task of managers is to evaluate how well an organization has achieved its goals and to take any corrective actions needed to maintain or improve performance. The outcome of the control process is the ability to measure performance accurately and regulate organizational efficiency and effectiveness. To exercise control, managers must decide which goals to measure and then they must design control systems that will provide the information necessary to assess performance. The controlling task also helps managers evaluate how well they themselves are performing the other three tasks of management—planning, organizing, and leading—and take corrective action. |

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| *AACSB: Analytic Blooms: Understand Difficulty: 2 Medium Learning Objective: 01-02 Distinguish among planning; organizing; leading; and controlling (the four principal managerial tasks); and explain how managers' ability to handle each one affects organizational performance. Topic: Essential Managerial Tasks* |

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| 95. | Identify the three levels of management and explain the basic responsibilities of each.     The three levels are first-line managers, middle managers, and top managers. At the base of the managerial hierarchy are first-line managers, often called supervisors. They are responsible for the daily supervision of the nonmanagerial employees who perform the specific activities necessary to produce goods and services. Supervising the first-line managers are middle managers, responsible for finding the best way to organize human and other resources to achieve organizational goals. To increase efficiency, middle managers find ways to help first-line managers and nonmanagerial employees better use resources to reduce manufacturing costs or improve customer service. To increase effectiveness, middle managers evaluate whether the organization's goals are appropriate and suggest to top managers how goals should be changed. Often the suggestions that middle managers make to top managers can dramatically increase organizational performance. A major part of the middle manager's job is developing and fine-tuning skills and know-how, such as manufacturing or marketing expertise, that allow the organization to be efficient and effective. Top managers are responsible for the performance of all departments. They have cross-departmental responsibility. They establish organizational goals, deciding how the different departments should interact, and monitor how well middle managers in each department use resources to achieve goals. Top managers are ultimately responsible for the success or failure of an organization. |

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| *AACSB: Analytic Blooms: Understand Difficulty: 3 Hard Learning Objective: 01-03 Differentiate among three levels of management; and understand the tasks and responsibilities of managers at different levels in the organizational hierarchy. Topic: Levels and Skills of Managers* |

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| 96. | Identify and briefly define the three major types of managerial skills.     The three types of managerial skills are: conceptual, human, and technical. Conceptual skills are demonstrated in the general ability to analyze and diagnose a situation and to distinguish between cause and effect. Top managers require the best conceptual skills because their primary responsibilities are planning and organizing. Human skills include the general ability to understand, alter, lead, and control the behavior of other individuals and groups. The ability to communicate, to coordinate, and to motivate people, and to mold individuals into a cohesive team distinguishes effective from ineffective managers. Technical skills are the job-specific skills required to perform a particular type of work or occupation at a high level. Managers need a range of technical skills to be effective. The array of technical skills managers need depends on their position in their organizations. |

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| *AACSB: Analytic Blooms: Understand Difficulty: 2 Medium Learning Objective: 01-04 Distinguish among three kinds of managerial skill; and explain why managers are divided into different departments. Topic: Levels and Skills of Managers* |

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| 97. | What is restructuring and what are its disadvantages?     Restructuring involves simplifying, shrinking, or downsizing an organization's operations to lower operating costs. It can be done by eliminating product teams, shrinking departments, and reducing levels in the hierarchy, all of which result in the loss of large numbers of jobs of top, middle, or first-line managers, as well as nonmanagerial employees. Restructuring can reduce the morale of remaining employees, who worry about their own job security. Top managers of many downsized organizations realize that they have downsized too far when their employees start complaining that they are overworked and when customer complaints about poor service increases. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 2 Medium Learning Objective: 01-05 Discuss some major changes in management practices today that have occurred as a result of globalization and the use of advanced information technology (IT). Topic: Recent Changes in Management Practices* |

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| 98. | Explain the significance of information technology with regards to empowering employees and facilitating self-managed teams.     Empowerment is a management technique that involves giving employees more authority and responsibility over how they perform their work activities. Information technology (IT) expands employees' job knowledge and increases the scope of their job responsibilities. Frequently IT allows one employee to perform a task that was previously performed by many employees. As a result, the employee has more autonomy and responsibility. IT also facilitates the use of a self-managed team, a group of employees who assume collective responsibility for organizing, controlling, and supervising their own work activities. Using IT designed to give team members real-time information about each member's performance, a self-managed team can often find ways to accomplish a task more quickly and efficiently. Moreover, self-managed teams assume many tasks and responsibilities previously performed by first-line managers, so a company can better utilize its workforce. First-line managers act as coaches or mentors whose job is not to tell employees what to do but to provide advice and guidance and help teams find new ways to perform their tasks more efficiently. Using the same IT, middle managers can easily monitor what is happening in these teams and make better resource allocation decisions as a result. |

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| *AACSB: Analytic Blooms: Understand Difficulty: 3 Hard Learning Objective: 01-05 Discuss some major changes in management practices today that have occurred as a result of globalization and the use of advanced information technology (IT). Topic: Recent Changes in Management Practices* |

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| 99. | Define competitive advantage. What are its four building blocks?     Competitive advantage is the ability of one organization to outperform other organizations because it produces desired goods or services more efficiently and effectively than its competitors. The four building blocks of competitive advantage are superior efficiency, quality, innovation, and responsiveness to customers.  • Organizations increase their efficiency when they reduce the quantity of resources (such as people and raw materials) they use to produce goods or services. • Companies have introduced quality-enhancing techniques known as total quality management for improving quality. • Innovation is the process of creating new or improved goods and services that customers want or developing better ways to produce or provide goods and services. • Organizations compete for customers with their products and services, so training employees to be responsive to customers' needs is vital for all organizations, but particularly for service organizations.  Feedback: Refer: Figure 1.6 |

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| *AACSB: Analytic Blooms: Understand Difficulty: 2 Medium Learning Objective: 01-06 Discuss the principal challenges managers face in today's increasingly competitive global environment. Topic: Challenges for Management in a Global Environment* |

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| 100. | Discuss the concept of turnaround management.     Turnaround management is the creation of a new vision for a struggling company using a new approach to planning and organizing to make better use of a company's resources and allow it to survive and eventually prosper. It involves developing radical new strategies such as how to reduce the number of products sold or change how they are made and distributed, or close corporate and manufacturing operations to reduce costs. Organizations that appoint turnaround CEOs are generally experiencing a crisis because they have become inefficient or ineffective; sometimes this is because of poor management over a continuing period, and sometimes it occurs because a competitor introduces a new product or technology that makes their own products unattractive to customers. |

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| *AACSB: Analytic Blooms: Understand Difficulty: 2 Medium Learning Objective: 01-06 Discuss the principal challenges managers face in today's increasingly competitive global environment. Topic: Challenges for Management in a Global Environment* |