

BA 2214 - Management
Test No. 2
Fall 2000

v. 1

1. Porter's differentiation strategy suggests organizations seek competitive advantages by developing products that are uniquely different from the competition.
2. Planning keeps managers too busy to deal with resource allocation.
3. Members of a matrix organizations often experience task confusion because of the two-boss system.
4. Mentoring sets up early-career managers as proteges to senior persons who coach, and model them to develop management skills.
5. A major disadvantage of using the divisional structure is increased costs through the duplication of both resources and efforts across divisions.
6. Management uses the controlling function to inspire people to work harder.
7. A Gantt Chart is an example of a project scheduling.
8. A strategy is a comprehensive plan of action that sets long-term direction and guides resource allocation.
9. Selling parts of the organization to return to areas of business strength is a liquidation strategy.
10. During job interviews, managers should ask questions regarding time off for religious holidays and childcare in order to properly plan department schedules.
11. Standing plans are designed to be used for an extended period of time.
12. Organizations with wide spans of control tend to be tall.
13. The mission statement defines the organization's chosen role in society and the ways it intends to fulfill this role.
14. Today, fringe benefits can constitute as much as 30 percent of a typical worker's earnings.
15. Equal Employment Opportunity (EEO) provides the right to employment without regard to race, color, national origin, religion, gender, age or mental ability.
16. Among the management functions, planning and controlling are two which are unrelated to one another.
17. Organizations are implementing financial controls in two critical areas: activity-based costing and economic value added.

18. Top-level managers spend more time on long-range, strategic plans.
19. A zero-based budget means the manager has to use the budget up until it reaches zero before it can be resubmitted.
20. Process reengineering is a systematic and complete analysis of work processes and the design of new and better ones.
21. Effective controls do not allow for individual judgment because they are results oriented according to the organization's plans.
22. The ability to generate cash to pay bills and to earn more in returns than the cost of debt are examples of two financial ratios used with financial controls.
23. The BCG matrix uses market growth rates and market share as a basis for analysis of business opportunities.
24. Organization charts show superior-subordinate relationships, the division of work, and the company goals.
25. The basic forces in the competitive environment considered in Michael Porter's competitive model include which of the following?
 - a. Threat of new entrants
 - b. Bargaining power of suppliers and buyers
 - c. Rivalry among industry firms
 - d. Threat of substitute products or services
 - e. All of these
26. A type of financial control ratio with the ability to generate cash to pay bills is called
 - a. liquidity.
 - b. expense.
 - c. leverage.
 - d. profitability.
 - e. equity.
27. Which statement about technology is FALSE?
 - a. It has a relatively minor impact on structure because it is concerned with process.
 - b. It is a combination of equipment, knowledge, and work methods.
 - c. The availability of proper technology is a major element in efforts to increase productivity.
 - d. It is a necessary form of support for people in their jobs.
 - e. None of these
28. Which of the following is NOT an advantage of matrix organizations?
 - a. Promotes inter-functional cooperation
 - b. Creates permanent cross-functional teams.
 - c. More responsive to customer needs.
 - d. Prevents power struggles from erupting
 - e. Managerial accountability is increased.

29. Entrepreneurs who believe they have control of their own destiny possess the characteristic of
 - a. internal locus of control.
 - b. self-confidence.
 - c. high destiny control.
 - d. tolerance for control.
 - e. none of these.

30. An organization that operates in a decentralized fashion will
 - a. be very tall with wide spans of control.
 - b. allow lower-level persons to participate in decision making.
 - c. have difficulty specifying its formal structure on an organization chart.
 - d. probably use a matrix form of departmentalization.
 - e. suffer control problems due to violations of the scalar principle.

31. Which of the following steps in the strategic management process should be undertaken before all others?
 - a. Create strategic plans to accomplish purpose and objectives.
 - b. Identify organizational purpose and objectives.
 - c. Assess current performance in relation to purpose and objectives.
 - d. Implement the strategic plans.
 - e. Evaluate the results, and start over if necessary.

32. A multi-national corporation which has separate vice presidents responsible for operations in each area of the world is organized at this level by _____ departmentalization.
 - a. horizontal
 - b. vertical
 - c. functional
 - d. divisional
 - e. matrix

33. When performance appraisal focuses on future performance and clarification of success standards, the purpose of the appraisal is
 - a. analysis.
 - b. termination.
 - c. evaluation
 - d. judgment.
 - e. development.

34. Equal employment opportunity (EEO)
 - a. is the right of people to employment and advancement without regard to race, sex, religion, color, or national origin.
 - b. is federally enforced by the Wagner Act.
 - c. applies to all public and private organizations employing 25 or more people.
 - d. is the right to hire the more qualified applicant regardless of sex, race or education.
 - e. is the guidelines for basic employment regarding nepotism.

35. Which one of the following organization structures, by design, violates the unity of command principle?
 - a. Matrix organization
 - b. Functional organization
 - c. Divisional organization
 - d. Vertical coordination
 - e. Horizontal coordination

36. Which of these statements is NOT correct about informal structures?
 - a. They can help organization members accomplish their work.
 - b. They help people overcome limits to the formal structure.
 - c. They allow people to support one another.
 - d. They can help satisfy important social needs of people.
 - e. They always work against the achievement of high productivity.

37. The four common ratios used in financial controls are
 - a. profitability, debt, equity, and leverage.
 - b. debt, times interest earned, net margin, and inventory.
 - c. liquidity, leverage, asset management, and profitability.
 - d. profitability, liquidity, leverage, and debt.
 - e. current, debt, inventory turnover, and acid.

38. Planning can help an organization deal more effectively with which of the following pressures?
 - a. increasing uncertainty in the global economy
 - b. cost of investments in land, labor, and capital
 - c. complexity of technology
 - d. government regulations
 - e. all of these

39. Generally accepted advice regarding interviewing techniques for managers conducting a job interview includes all but which of the following?
 - a. Conduct a goal oriented interview.
 - b. Avoid answering any questions.
 - c. Avoid discriminatory questions.
 - d. Write notes about the interview immediately following the interview.
 - e. Create a positive interview climate.

40. Procedures or rules are
 - a. standing plans.
 - b. single-use plans.
 - c. company plans.
 - d. tactical plans.
 - e. conceptual plans.

41. Strategic plans can best be defined as
 - a. comprehensive plans that reflect longer-term needs.
 - b. plans that address short-term goals.
 - c. plans that are to be used for a unique situation.
 - d. plans that are designed to be used again and again.
 - e. plans that involve tactics and operations.

42. Which is NOT a step to follow to make management by objectives successful?
- Supervisor prepares the guidelines for the subordinate to follow to develop annual objectives.
 - Objectives are reviewed and discussed with the supervisor, and an agreement is reached.
 - The supervisor and subordinate meet regularly to review progress and make revisions as needed.
 - A new set of objectives is established for the next time period.
 - A self-appraisal is discussed with the supervisor with an emphasis on its implication for future performance.
43. Positions from which someone is unlikely to move to higher level, either permanently or temporarily are referred to as
- glass ceilings.
 - dead-end jobs.
 - ego-damaging.
 - career plateaus.
 - career busters.
44. Just-in-time is helpful to management because it
- enhances productivity.
 - allows production and purchasing to be done in small quantities.
 - adds discipline to the production process.
 - supports the use of teamwork.
 - all of these.
45. When strategic management is successful it will allow the organization to
- focus its attention on clear and consistent objectives.
 - build from insightful understandings of a competitive environment.
 - build from intimate knowledge of the organization.
- 1
 - 2
 - 3
 - 2 and 3
 - 1, 2, and 3
46. In order for planning to be effective, it must
- become a part of everyday work routines
 - be a continuous process
 - be done with participation of all involved
- 1
 - 2
 - 3
 - 1 and 3
 - 1, 2 and 3

47. Controlling does all of the following EXCEPT
- a. makes sure overall direction is consistent with plans.
 - b. ensures objectives and accomplishments of various subgroups of the organization are consistent with each other.
 - c. secures adequate financing for the enterprise.
 - d. makes sure employees comply with organizational policies.
 - e. makes sure organization members act with propriety and respect for each other.
48. A recommended strategy for an organizational subunit classified as a "cash cow" in the Boston Consulting Group strategic management framework would be
- a. rapid growth.
 - b. retrenchment.
 - c. stability.
 - d. divestiture.
 - e. vertical integration.

Part II

Identify and Define — 2 points each - answer 16, additional for extra credit

1. Single use plan
2. "Plans are nothing . . . planning is everything"
3. Michael Porter
4. Cash cow
5. SWOT
6. SBU
7. Stakeholders
8. Barriers to entry
9. Management by exception
10. Leverage
11. Decentralization
12. D.S.O.
13. Balance sheet
14. Chain of command
15. Virtual corporation
16. Span of control
17. Max Weber
18. BFOQ
19. EEOC
20. Affirmative Action

Essays — Answer any five; 4 points each

1. What is zero-based budgeting? What are its advantages?
2. What is MBO? List several of the shortcomings of the process.
3. Compare and contrast Porter's generic strategies of cost leadership, differentiation, and focus.
4. What are the characteristics of a successful entrepreneur?
5. List and define four types of financial controls used by organizations.
6. What does an organization chart reveal about the firm? What doesn't it depict?
7. Compare tall organizations with flat ones. Which is better? Why?
8. From Ted Zabora's perspective, what are the critical roles and challenges facing the H.R. professional?