

# CLEP

## Principles of Management

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**Time—90 Minutes**  
**100 Questions**

**For each question below, choose the best answer from the choices given.**

1. Which managerial function is characterized by a manager assigning employees tasks and granting them the authority to complete them?
  - (A) Leading
  - (B) Controlling
  - (C) Staffing
  - (D) Planning
  - (E) Organizing
2. A collective bargaining agreement functions as which of the following?
  - (A) Arbitration proxy
  - (B) Right-to-work guarantee
  - (C) Grievance procedure
  - (D) Labor contract
  - (E) Labor contract
3. The consistent line of relationships from the top to the bottom of an organization is called the
  - (A) division of labor
  - (B) chain of command
  - (C) mission statement
  - (D) span of control
  - (E) means-end chain
4. If a retail sales manager instructs each salesperson to sell at least 12 cell phone plans each day, this would be an example of what kind of goal?
  - (A) Tactical
  - (B) Strategic
  - (C) Operational
  - (D) Long-term goal
  - (E) Open-ended goal

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5. According to the systems management theory, which of the following would NOT be considered to be an input?
- (A) Capital
  - (B) Products
  - (C) Raw materials
  - (D) Employees
  - (E) Machinery
6. Answering for one's own actions and accepting responsibility for them is known as
- (A) power
  - (B) authority
  - (C) leadership
  - (D) accountability
  - (E) management
7. Which of the following relationships were the Hawthorne experiments originally designed to study
- (A) The impact of illumination on factory worker output
  - (B) The impact of body mechanics on factory worker output
  - (C) The impact of factory worker output on business profitability
  - (D) The impact of workforce diversity on business profitability
  - (E) The impact of business profitability on social responsibility
8. Which of the following would be an example of a change in a restaurant manager's internal environment?
- (A) A change in the health code
  - (B) Revisions made in waitstaff procedures
  - (C) A meat supplier raising its prices
  - (D) The development of a refrigerator that indicates when food has spoiled
  - (E) A similar restaurant opening in town
9. Joseph Juran believed that most quality problems are the fault of
- (A) managers
  - (B) machinery
  - (C) suppliers
  - (D) workers
  - (E) competitors

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10. A system's tendency to go toward inefficiency if left to its own devices is known as
- (A) an open system
  - (B) a closed system
  - (C) synergy
  - (D) entropy
  - (E) a subsystem
11. Which of the following statements about communication in the workplace is valid?
- (A) Communication only flows upwards.
  - (B) Communication only flows downwards.
  - (C) Communication only flows horizontally.
  - (D) Communication only flows upwards and downwards.
  - (E) Communication flows upwards, downwards, and horizontally.
12. An organizational leader responsible for securing the financial resources to carry out an innovative project is known as which of the following?
- (A) Creative backer
  - (B) Product champion
  - (C) Technical innovator
  - (D) Executive champion
  - (E) Concept architect
13. Which of the following is an example of how a manager can employ boundary spanning?
- (A) Attend industry-related conferences
  - (B) Promote from within
  - (C) Raise sales quotas
  - (D) Eliminate overtime
  - (E) Revise company procedures
14. All managers can be considered to be what type of managers?
- (A) Marketing
  - (B) Sales
  - (C) Customer service
  - (D) Human resource
  - (E) Production

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15. Which of the following components of an e-business is included under the term e-commerce?
- (A) Facility design
  - (B) Sales
  - (C) Human resources
  - (D) Strategic planning
  - (E) Succession planning
16. A tax that is placed on a country's or region's imports and/or exports as a result of a political event is known as a(n)
- (A) tariff
  - (B) quota
  - (C) exchange rate
  - (D) infrastructure
  - (E) embargo
17. Which school of management focuses on the human-based elements of work?
- (A) Classical
  - (B) Quantitative
  - (C) Behavioral
  - (D) Contingency
  - (E) Quality
18. A decision-making technique that shows a complete picture of several alternative decision paths is called a(n)
- (A) simulation
  - (B) payback analysis
  - (C) decision tree
  - (D) brainstorming
  - (E) organizational chart
19. According to Henry Mintzberg, which of the following is NOT a decisional managerial role?
- (A) Monitor
  - (B) Disturbance handler
  - (C) Entrepreneur
  - (D) Negotiator
  - (E) Resource allocator

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20. A top-level manager would most likely be involved in devising which of the following goal types?
- (A) Strategic
  - (B) Short-term
  - (C) Tactical
  - (D) Operational
  - (E) Open-ended
21. Which of the following helps to reduce customer waiting time and costs by properly allocating workstations and human resources?
- (A) Quotas
  - (B) MBTI
  - (C) Queuing theory
  - (D) MIS
  - (E) Payback analysis
22. Laura and Sal are both customer service representatives. Laura works from 8 am to 3 pm daily, and Sal works from 10 am to 5 pm daily. This situation is an example of
- (A) twinning
  - (B) flextime
  - (C) job enrichment
  - (D) telecommuting
  - (E) job enlargement
23. An employee can refer to a work schedule to find out all of the following EXCEPT
- (A) which projects are currently underway
  - (B) funds that have been allocated to a project
  - (C) assignments for work teams
  - (D) assignments for individual employees
  - (E) deadlines
24. The European Union was established by which of the following?
- (A) Plaza Accord
  - (B) Maastricht Treaty
  - (C) Treaty of Versailles
  - (D) Treaty of Paris
  - (E) Marshall Plan

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25. An employee's benefits package may include
- I. salary
  - II. vacation time
  - III. a bonus
- (A) I only
  - (B) II only
  - (C) III only
  - (D) II and III only
  - (E) I, II, and III
26. Which of the following most likely represents a lapse in business social responsibility?
- (A) Publicizing a recent manufacturing plant closure
  - (B) Authorizing a global recall of a defective product
  - (C) Minimizing costs spent to ensure quality control
  - (D) Whistle-blowing regarding suspected misconduct
  - (E) Devoting resources to corporate philanthropy
27. Which of the following types of management is responsible for monitoring the conversion of inputs to outputs?
- (A) Sales
  - (B) Marketing
  - (C) Customer service
  - (D) Operations
  - (E) Human resources
28. Which of the following terms best describes a corporation's hiring policy?
- (A) A single-use plan
  - (B) A standing plan
  - (C) A strategic plan
  - (D) A short-term plan
  - (E) A tactical plan

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29. If a team leader believes that a lack of cohesiveness is hurting a team's performance, what would be the most effective action to take?
- (A) Reward individual accomplishments
  - (B) Revise the team's project mission
  - (C) Disband the team
  - (D) Reward team accomplishments
  - (E) Have team members alternate responsibilities
30. According to Total Quality Management (TQM), what would the relationship be between a stereo manufacturer and a retail store salesperson that sells the stereo?
- (A) The salesperson is the stereo manufacturer's supplier.
  - (B) The stereo manufacturer is salesperson's customer.
  - (C) The salesperson is the stereo manufacturer's wholesaler.
  - (D) The salesperson is the stereo manufacturer's employee.
  - (E) The salesperson is the stereo manufacturer's customer.
31. An employee is LEAST likely to attain a goal that
- (A) consists of familiar tasks
  - (B) is measurable
  - (C) is associated with a reward
  - (D) is vague
  - (E) has a deadline
32. Management theorist Peter Drucker believes that which of the following is key to good leadership?
- (A) Initiative
  - (B) Consistency
  - (C) Cleverness
  - (D) Popularity
  - (E) Drive
33. Which of the following statements about the laissez-faire style of leadership is valid?
- (A) The leader makes all decisions.
  - (B) The leader assigns roles to team members.
  - (C) It works best with a motivated, experienced, and skilled team.
  - (D) The leader is unavailable to his or her subordinates.
  - (E) The leader acts as a mediator.

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34. Which of the following is a network scheduling system designed to speed up the process of project management?
- (A) PERT
  - (B) MIS
  - (C) TQM
  - (D) MBTI
  - (E) LAN
35. Which of the following is NOT an effect of an increase in the use of computer technology in the workplace?
- (A) Some employees have developed computer-related disabilities.
  - (B) Employees are able to be more productive in less time.
  - (C) Technological training is required.
  - (D) Technological resources have replaced some human resources.
  - (E) Communication costs have increased.
36. The 14 principles of management were developed by
- (A) Chester Bernard
  - (B) Henri Fayol
  - (C) Frederick Taylor
  - (D) Douglas McGregor
  - (E) Max Weber
37. A government-imposed regulation that sets a limit for the importation of a certain product in a given year is a(n)
- (A) exchange rate
  - (B) quota
  - (C) embargo
  - (D) infrastructure
  - (E) tariff



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38. According to David McClelland's acquired needs theory, which of the following would be LEAST important to an individual with a high need for power?
- (A) Being in charge
  - (B) Having influence over others
  - (C) Status
  - (D) Competition
  - (E) Effective performance
39. If a college student signed up for a course based on the recommendation of an advisor who has always made wise suggestions in the past, which type of power would the advisor have?
- (A) Referent
  - (B) Legitimate
  - (C) Reward
  - (D) Coercive
  - (E) Expert
40. Reengineering brings about improvement in quality by
- (A) having issues proceed through a number of channels before decisions are made regarding them
  - (B) adhering to rules and protocol
  - (C) radically restructuring processes to bring about fast change
  - (D) working toward steady, continuous, incremental improvement.
  - (E) focusing on long term goals and solutions
41. Who among the following was NOT a contributor to the quality movement?
- (A) Armand V. Feigenbaum
  - (B) Frederick Herzberg
  - (C) W. Edwards Deming
  - (D) Joseph Juran
  - (E) Philip B. Crosby
42. A single-use plan is an example of a(n)
- (A) tactical plan
  - (B) strategic plan
  - (C) operational plan
  - (D) ongoing plan
  - (E) contingency plan

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43. An organization is most likely to be decentralized under which of the following circumstances?

- (A) There are risky and consequential decisions to make.
- (B) Low-level managers are relatively unskilled or inexperienced.
- (C) The organization has traditionally been centralized.
- (D) The external environment is dynamic.
- (E) The organization is strongly procedure and policy-based.

44. Bureaucracies are traditionally known for being

- (A) informal
- (B) quick to respond
- (C) flexible
- (D) procedure-based
- (E) creative

45. An effective goal should be

- (A) achievable
- (B) long-term
- (C) general
- (D) complex
- (E) short-term

46. Which situation would be most likely to require more than one channel of communication?

- (A) An assistant informs his superior about a package arriving.
- (B) A manager compliments an employee's quick response to a problem.
- (C) A manager trains a new employee for a job requirement.
- (D) An employee leaves her manager a message that she is running late for work.
- (E) A human resources manager places a recruiting ad with a newspaper.

47. Which of the following is NOT characteristic of an informal organization?

- (A) It contains a grapevine.
- (B) It has a definable chain of command.
- (C) It forms naturally.
- (D) It is exclusive.
- (E) It emphasizes personal relationships.

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48. The kind of power that lies in the authority granted to a formally assigned position is known as
- (A) referent
  - (B) coercive
  - (C) expert
  - (D) legitimate
  - (E) reward
49. A team leader accepts credit for his team's successes but blames individual members for failures. What error of perception is he exhibiting?
- (A) Projection
  - (B) Self-serving bias
  - (C) Selective perception
  - (D) Stereotyping
  - (E) Pygmalion effect
50. Which of the following is a criterion for an employee to be eligible for unemployment insurance?
- (A) The employee was not responsible for losing the job
  - (B) The employee was fired from the job
  - (C) The employee participated in profit sharing.
  - (D) The employee was a manager.
  - (E) The employee resigned from the job
51. When an employee asks her manager for a salary increase, it is an example of
- (A) downward communication
  - (B) upward communication
  - (C) horizontal communication
  - (D) backward communication
  - (E) forward communication
52. As a business expands, it will tend to become
- (A) less complicated
  - (B) more organic
  - (C) more hierarchical
  - (D) less reliant on formal authority
  - (E) more decentralized

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53. Which management theory most directly addresses the human dimension of the workplace?
- (A) Quantitative management theory
  - (B) Contingency management theory
  - (C) Behavioral management theory
  - (D) Quality management theory
  - (E) Classical management theory
54. Which of the following would be an example of a feedforward control by a university?
- (A) Having students fill out evaluation forms about their professors at the end of a course
  - (B) Having students take a standardized admissions exam
  - (C) Issuing final grades at the end of each semester
  - (D) Having chairpersons monitor professor performance by sitting in on a lecture
  - (E) Reviewing a department's budget to see if actual spending matched projected expenses
55. An organizational culture that emphasizes adherence to authority is most likely characterized by which of the following?
- (A) Low uncertainty avoidance
  - (B) High individualism
  - (C) High power distance
  - (D) Low power distance
  - (E) Long-term orientation
56. Each of the following is a level of Kohlberg's model of moral development EXCEPT:
- (A) Sequential
  - (B) Conventional
  - (C) Principled
  - (D) Preconventional
  - (E) Postconventional

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57. Which of the following strategies for managing conflict involves calls for a direct verbalizing of the conflict at hand?
- (A) Avoidance
  - (B) Smoothing
  - (C) Compromise
  - (D) Confrontation
  - (E) Collaboration
58. A school begins using a computerized database to locate alumni. The initiation of this tracking system represents what kind of change?
- (A) People-centered
  - (B) Process-oriented
  - (C) Strategic
  - (D) Structural
  - (E) Short-term
59. The stage in an organization's change process that involves challenging the status quo by pointing out the ways in which the current system is lacking is known as
- (A) freezing
  - (B) unfreezing
  - (C) changing
  - (D) reinstating
  - (E) refreezing
60. Which of the following is NOT a valid comparison between group decision making and individual decision making?
- (A) Group decision-making processes draw on a greater pool of ideas.
  - (B) Individual decision-making processes are usually more time-consuming than group decision-making processes.
  - (C) Group decisions can be compromises rather than the best possible decision.
  - (D) Employees are more likely to be supportive of group decisions.
  - (E) Group decision-making processes are susceptible to groupthink.

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61. The existing condition in an organization is known as the
- (A) driver
  - (B) resister
  - (C) status quo
  - (D) mission statement
  - (E) quota
62. According to the Blake-Mouton managerial grid model, the authoritarian leadership style is characterized by
- (A) low-level concern with people and low-level concern with production
  - (B) low-level concern with people and high-level concern with production
  - (C) equal concern with people and production
  - (D) high-level concern with people and low-level concern with production
  - (E) high-level concern with people and high-level concern with production
63. The obligation that an employee is assuming when he accepts an assigned task is known as
- (A) policy
  - (B) standards
  - (C) work schedule
  - (D) procedure
  - (E) responsibility
64. Kyle's manager has passed him over for a promotion many times because she believes that he lacks leadership skills. As a result, Kyle now assumes a passive role when working in a team environment. What is this situation an example of?
- (A) Projection
  - (B) Classifying
  - (C) Selective perception
  - (D) Pygmalion effect
  - (E) Stereotyping

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65. At a certain organization, budgets are developed in such a way that each allocation must be justified by how it will contribute to the company's objectives. This arrangement is an example of
- (A) top-down budgeting
  - (B) bottom-up budgeting
  - (C) zero-based budgeting
  - (D) lateral budgeting
  - (E) inflexible budgeting
66. Which of the following individuals would have staff authority?
- (A) A department manager who can delegate work to her subordinates
  - (B) A human resources manager who can give training-related assignments to members of various departments
  - (C) A secretary who can grant approval for use of the conference room
  - (D) A recently-promoted supervisor who can make up a work schedule
  - (E) A new employee going through job orientation
67. A group working together to generate ideas is described as
- (A) groupthink
  - (B) a decision tree
  - (C) brainstorming
  - (D) the Delphi technique
  - (E) the nominal group technique
68. Which of the following is an example of an indirectly interactive force in a manager's external environment?
- (A) Improvement to management information systems (MIS)
  - (B) Customers
  - (C) Company owners
  - (D) Competitors
  - (E) Suppliers

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69. The formal right that a manager possesses to delegate responsibility, make decisions, and allocate resources is known as
- (A) power
  - (B) responsibility
  - (C) authority
  - (D) accountability
  - (E) leadership
70. Expert power and referent power can both be described as forms of
- (A) positional power
  - (B) personal power
  - (C) punitive power
  - (D) external sources of power
  - (E) reward power
71. All of the following EXCEPT which is a criterion for a group to be considered a team?
- (A) The group must consist of two or more individuals.
  - (B) Group members must have regular interactions.
  - (C) Group members must share a unified purpose.
  - (D) Group members must agree on issues relevant to the project at hand.
  - (E) Group members must coordinate work to accomplish team goals.
72. Which of the following statements regarding the stages of team development is valid?
- (A) By the end of the forming phase, teams have built a cohesive community.
  - (B) The norming stage is the most productive stage.
  - (C) Teams enter the storming phase with clarity about what their team's mission is.
  - (D) The adjourning phase is characterized by a sharp focus on achieving team goals.
  - (E) All teams will proceed through five stages of development.
73. Which type of authority can defy the unity of command principle?
- (A) Line authority
  - (B) Staff authority
  - (C) Functional authority
  - (D) Decentralized authority
  - (E) Hierarchical authority



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74. Which of the following best describes a situation where two international firms that are traditionally competitors decide to work cooperatively and modify their products to meet foreign market demands?
- (A) Wholly-owned subsidiary
  - (B) Joint venture
  - (C) Global strategic partnership
  - (D) Exportation
  - (E) Embargo
75. Which of the following is NOT a benefit of a company instituting a TQM (Total Quality Management) program?
- (A) Acquiring a reputation for quality
  - (B) Implementing programs quickly and inexpensively
  - (C) Getting better returns on investments
  - (D) Improving customer retention
  - (E) Being able to charge higher prices for goods or services
76. As a result of outsourcing, all of the following EXCEPT which is likely to decrease?
- (A) workload of in-house employees
  - (B) overall costs of benefits packages
  - (C) cost of office machinery
  - (D) cost of renting office space
  - (E) overall work output
77. Which of the following is a characteristic of continuous-process production?
- I. It employs a large labor force.
  - II. It has a rigid structure.
  - III. It utilizes a highly automated system.
- (A) I only
  - (B) III only
  - (C) II and III only
  - (D) I and II only
  - (E) I, II, and III

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78. Firms that continually evolve and encourage employees to improve performance based on their experiential lessons are called
- (A) bureaucracies
  - (B) learning organizations
  - (C) informal organizations
  - (D) multinational organizations
  - (E) wholly-owned subsidiaries
79. A formal statement of complaint about a situation, usually made by an employee or group of employees to management it is called a(n)
- (A) negotiation
  - (B) mediation
  - (C) arbitration
  - (D) appraisal
  - (E) grievance
80. Which stage of team development is characterized by conflict and competitiveness?
- (A) Forming
  - (B) Storming
  - (C) Norming
  - (D) Performing
  - (E) Adjourning
81. Which of the following provides new employees with basic information about the organization for which they are working?
- (A) Twinning
  - (B) Job orientation
  - (C) Work specialization
  - (D) Mentoring
  - (E) Job enlargement

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82. All of the following EXCEPT which is a result of employees becoming empowered?
- (A) Management becomes more hierarchical.
  - (B) The organization becomes more decentralized.
  - (C) Employees are less strictly monitored.
  - (D) Jobs are more flexibly designed.
  - (E) The organization is better able to respond to a volatile environment.
83. Which of the following would NOT be considered a separation?
- (A) Retirement
  - (B) Demotion
  - (C) Firing
  - (D) Layoff
  - (E) Resignation
84. Which of the following is exempt from complying with the provisions of Title VII of the 1964 Civil Rights Act, which deals with employment practices?
- (A) An educational institution
  - (B) A private employment agency
  - (C) A private employer of a 12-person staff
  - (D) A local government office
  - (E) A labor union with 15 members
85. A multinational company has concerns about acquiring the raw materials it needs in a foreign country. Its concerns pertain to which of the following environments?
- (A) Political
  - (B) Economic
  - (C) Legal
  - (D) Technological
  - (E) Social and cultural

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86. Philip B. Crosby proposed all of the following EXCEPT which in his 14-point program?
- (A) Raising performance standards
  - (B) “Doing it right the first time” (DIRFT)
  - (C) Reaching a point where products have “zero defects”
  - (D) Equating quality with the meeting of specifications
  - (E) Increasing post-production inspections
87. Organizational development would be an example of what kind of plan?
- (A) Strategic plan
  - (B) Operational plan
  - (C) Tactical plan
  - (D) Single-use plan
  - (E) Contingency plan
88. A law mandating that employers make special efforts to promote and hire members of protected groups is known as
- (A) demographics
  - (B) affirmative action
  - (C) boundary spanning
  - (D) an open system
  - (E) a differentiation strategy
89. Which of the following is a tool designed to determine an individual’s mental and emotional preferences for dealing with common issues?
- (A) MBTI
  - (B) MIS
  - (C) PERT
  - (D) TQM
  - (E) DIRFT

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90. Bureaucracies are characterized by

- (A) decentralized authority
- (B) quick decision-making
- (C) flexible positions
- (D) creative environments
- (E) formal procedures and rules

91. An incentive-based pay system is based on an employee's

- (A) hours worked
- (B) seniority
- (C) education
- (D) performance
- (E) experience

92. Who among the following did NOT develop a theory regarding needs as motivational sources?

- (A) Abraham Maslow
- (B) Henry Mintzberg
- (C) Frederick Herzberg
- (D) Clayton Alderfer
- (E) David McClelland

93. An employee's performance appraisal can be used to justify all of the following EXCEPT

- (A) entering the employee in a training program
- (B) offering the employee a promotion
- (C) increasing the employee's salary
- (D) terminating the employee
- (E) canceling the employee worker's compensation insurance

94. When an employee is downgraded to a job with lesser significance, authority, and responsibility, it is known as a

- (A) promotion
- (B) demotion
- (C) transfer
- (D) lateral move
- (E) layoff

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95. An electronics company strives to be the first company out with the latest technological advancements. What kind of strategy is it employing?
- (A) Cost leadership strategy
  - (B) Contingency plan
  - (C) Single-use plan
  - (D) Differentiation strategy
  - (E) Bureaucratic procedure
96. The relationship between the positions at a company and its employees can best be determined by consulting a(n)
- (A) decision tree
  - (B) organization chart
  - (C) mission statement
  - (D) procedures manual
  - (E) payroll
97. Which of the following is NOT one of the elements of an effective reward system?
- (A) Rewards must satisfy employees' basic needs.
  - (B) Rewards must be fairly and equitably distributed.
  - (C) Employees in comparable positions must have equal access to rewards.
  - (D) Rewards and their methods of attainment should be uniform for all comparable recipients.
  - (E) Rewards should be comparable to those of nearby competitors.
98. Job enlargement can motivate employees by
- (A) investing a job with greater responsibility and authority
  - (B) rewarding a job with better compensation
  - (C) making a job more interesting
  - (D) reducing the hours to be worked on a job
  - (E) making the hours of a job more flexible

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- 99.** Among the following steps, which would be the first step in the process of seeing if a job candidate is suitable for a position?
- (A) Reviewing the candidate's application
  - (B) Interviewing the candidate
  - (C) Checking the candidate's references
  - (D) Administering a skills test to the candidate
  - (E) Administering a performance assessment to the candidate
- 100.** Which of the following explains the relevance of figures that appear on financial statements as well as the relationships between certain figures?
- (A) Payback analysis
  - (B) Force-field analysis
  - (C) Decision analysis
  - (D) Financial-ratio analysis
  - (E) Job analysis

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1. **The correct answer is E.** Organizing is the managerial function that is characterized by a manager assigning employees tasks and granting them the authority to complete them. Organizing also allocates employees the resources to complete these tasks.

The planning stage precedes the organizing stage. Planning is considered to be the most fundamental managerial function from which leading, controlling, staffing, and organizing stem. Planning is the process of mapping out how to attain organizational goals. Once a plan is set, a manager organizes her employees. At this point, additional staff may need to be recruited, hired, and trained to perform tasks; existing employees may require professional development to meet the challenges that newly introduced goals present. A manager continually leads his or her subordinates by motivating, guiding, and communication with them. Once these four functions are in place, the manager performs the controlling function by monitoring progress to ensure that results match goals.

2. **The correct answer is D.** A collective bargaining agreement serves as a labor contract. It is negotiated between the management of a company and union representatives. Collective bargaining agreements specify parameters including pay rates, workers' rights, and grievance procedures.

3. **The correct answer is B.** The consistent line of relationships from the top to the bottom of an organization is called the chain of command.

Division of labor, also known as work specialization, is the division of an organization's tasks into separate jobs. An organization's mission statement articulates what the organization stands for and explains why it exists. Span of control refers to the number of employees that a manager has answering to her or him. The process known as the means-ends chain ensures that accomplishment of low-level goals leads to the accomplishment of high-level goals.

4. **The correct answer is C.** If a retail sales manager instructs each salesperson to sell at least 12 cell phone plans each day, this would be an example of an operational goal. Operational goals are very specific in nature and are highly measurable. These goals are developed by first-level supervisors to schedule work to meet tactical goals.

Tactical goals are specific work goals that middle-level managers derive from the broader strategic goals. A strategic goal is an organization-wide, long-term goal devised by a top-level manager. The retail sales manager's goal, which is set for one day, would not be described as a long-term goal. It would also not be considered to be an open-ended goal since the quota and the time frame are both very specific.

5. **The correct answer is B.** According to the systems management theory, products would be considered to be outputs, not inputs. The systems management theory defines an input as a resource that an organization puts through a transformation process in an effort to meet its goals.

Material resources, such as capital, raw materials, and machinery, and human resources, such as employees, would be considered to be inputs.

6. **The correct answer is D.** Accountability is the answering for one's own actions and accepting responsibility for them.



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Responsibility is the obligation that an employee assumes when he accepts an assigned task. Authority is the formal right that a manager possesses to delegate responsibility, make decisions, and allocate resources in an effort to achieve organizational goals for which she is responsible; it is delegated from the top down in any organization. Authority can be delegated from a manager to an employee who is his or her subordinate, and authority can be delegated from a higher-level manager to a lower-level manager. Power is the ability to influence the behavior of others. Leadership is the ability to garner the respect and cooperation of employees to achieve an organization's goals. Leadership is distinguishable from management in that management derives its power solely from the position. Leadership qualities are reflected from the individual.

**7. The correct answer is A.** The Hawthorne experiments were originally designed to study the impact of illumination on factory worker output. Factory lighting levels were varied in the study; worker output was then examined to determine how lighting levels affected productivity.

**8. The correct answer is B.** Revisions made in waitstaff procedures would be an example of a change in a restaurant manager's internal environment, because they are done in-house.

A change in the health code, a meat supplier raising its prices, the development of a refrigerator that indicates when food has spoiled, and a similar restaurant opening in town are examples of changes that take place beyond the scope of the restaurant itself, and are therefore changes in the restaurant's external environment.

**9. The correct answer is A.** Joseph Juran believed that most quality problems are the fault of managers, and that training and other efforts to improve quality had to begin with the highest levels of management first.

Juran saw the quest for quality as a managerial responsibility. He believed that quality is the result of careful planning. He challenged managers to set goals for improvement, make specific plans for how to meet those goals, assign responsibility to specific workers for meeting those goals, and reward the meeting of these goals accordingly. Juran further emphasized that managers must institute quality control as a part of their control system.

**10. The correct answer is D.** A system's tendency to go toward inefficiency if left to its own devices is known as entropy.

An open system interacts with its environment and receives feedback from it whereas a closed system does not. The ability of a system to total more than the sum of its parts is known as synergy. A subsystem is a small system that is part of a larger one.

**11. The correct answer is E.** Communication flows upwards, downwards, and horizontally. Communication is defined as the exchange of ideas or information via spoken or written word, or via non-verbal signals.

A manager delegating tasks to her subordinates is an example of downward communication because the information is traveling from someone higher on the hierarchy to someone lower on the hierarchy. Upward communication takes place in the opposite situation, when the information is traveling from someone lower on the hierarchy to someone higher on it, as when a subordinate requests time off from a manager. Horizontal communication is communication between parties on the same hierarchical level in an organization. It usually focuses on coordination of assignments or material or human resources.

**12. The correct answer is D.** In developing a product innovation, the organizational leader responsible for securing the financial resources to carry out the project is known as an executive champion. The executive champion provides sponsorship in the form of authorization and financial backing. The product champion promotes the innovation within the organization but may not have the influence or financial leverage needed to bring the project to fruition.

**13. The correct answer is A.** A manager can employ boundary spanning by attending industry-related conferences. Boundary spanning is a means by which managers can monitor the internal and external environments affecting the organization. It is an information-gathering process focused on developments that could affect the organization. Attending industry-related conferences is an example of such an information-gathering process that monitors the internal and external environments.

Promoting from within, raising sales quotas, eliminating overtime, and revising company procedures may apply information that is gathered from boundary spanning, but they are not examples of information gathering.

**14. The correct answer is D.** All managers can be considered to be human resource managers since every manager is in some way involved with recruiting, selecting, training, appraising, developing, or compensating employees.

Not all managers are involved in some way with marketing, sales, customer service, or production. Marketing involves using various tools to target the best consumer base for a product or service and presenting the attributes of that product or service to convince potential customers to make a purchase. As its name suggests, the sales department actually sells a company's services or products to consumers. Customer service consists of assisting existing customers with questions, complaints, and a variety of other follow-up issues. Production is the actual development, or creation of the company's products. Product development refers to the development of new products as well as the alteration of and improvement of former and currently existing products.

**15. The correct answer is B.** The term e-commerce refers to the sales component of an e-business. Marketing may also be included.

**16. The correct answer is A.** A tariff is a tax that is placed on a country's or region's imports and/or exports as a result of a political event.

A quota is a government regulation that limits the importation of certain products within a given year. The exchange rate is the value of one country's currency in terms of that of another country; it is primarily determined by the supply and demand for the products and services of each country. The physical support system for the economic activities of a country is known as that country's infrastructure. An embargo, or blockage, is a situation where trade to a particular region or country is prohibited.

**17. The correct answer is C.** The behavioral school focuses on the human-based elements of work, believing that increased understanding of such behaviors as group interaction, motivation, and conflict resolution will lead to increased productivity.

The classical school of management focuses on the single best way to perform and manage tasks. The quantitative school of management was born from research conducted during World War II. Its approach to management involves the use of quantitative techniques such as statistics and computer simulations to aid in managerial decision-making processes. The contingency school of management doesn't believe that there is

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one best way or group of ways to manage; it takes a flexible approach to management that depends on a given situation. The customer-focused quality school of management strives to continuously improve performance to deliver high quality goods or services to the marketplace.

18. **The correct answer is C.** A decision tree is a decision-making technique that shows a complete picture of several alternative decision paths.

A simulation is a simplified replication of an actual situation or program. A payback analysis is a strategy by which a manager determines which alternative will pay back an initial investment most quickly. Brainstorming is defined as a group working together to generate ideas. An organizational chart is the visual representation of the organizational structure that provides a framework for the hierarchy of an organization; it shows the relationship between an organization's employees and positions.

19. **The correct answer is A.** According to Henry Mintzberg, a monitor is not a decisional managerial role. In his work, *The Nature of Managerial Work*, Mintzberg says that managerial roles fall into the following three categories: informational, interpersonal, and decisional. The roles in the informational category pertain to the analyzing and sharing of information whereas the roles in the interpersonal category pertain to human interaction. The decisional role involves decision making.

The entrepreneur is the initiator of new ideas and methods of improvement. The disturbance handler handles crises and takes charge of conflict resolution. The resource allocator sets priorities, arranges schedules, and prepares budgets in an effort to assign material and human resources. A negotiator is the departmental representative in negotiations with vendors, customers, and unions. A negotiation is characterized by two parties working cooperatively to resolve a dispute. A monitor is actually a role in the informational category. The monitor researches and receives information via reports, periodicals, and personal contacts.

20. **The correct answer is A.** A top-level manager would most likely be involved in devising a strategic goal that is a broad long-term goal. Strategic goals are based on strategic plans that are derived from the organization's mission statement and bear all organizational goals in mind.

Middle-level managers derive tactical goals, specific work goals, from these broad objectives. First-level managers then devise operational goals that schedule the work to meet these goals. Goals should never be open-ended; they should always be specific.

21. **The correct answer is C.** Queuing theory is a management science application that managers use to help to reduce customer waiting time and costs by properly allocating workstations and human resources.

A quota is a portion that each member in a given group is called upon to contribute. For instance, salespeople may have sales quotas that numerically dictate how much they must produce in sales during a given period. Isabel Myers and her mother, Katharine Briggs, developed the Myers-Briggs Type Indicator (MBTI) based on psychologist Carl Jung's studies on psychological type. The MBTI, widely used in corporate and academic environments alike, is a tool designed to determine an individual's mental and emotional preferences for dealing with common issues, and, likewise for understanding those of their coworkers. Management information systems (MIS) collect, organize, and distribute data in a way that the information produced is useful and relevant to a manager. A payback analysis is a strategy by which a manager determines which alternative will pay back an initial investment most quickly.

22. **The correct answer is B.** This situation is an example of flextime. Flexible scheduling may take the form of employees beginning or ending work earlier or later than other employees or working 3-day or 4-day

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weeks. Flexible scheduling can enable employees to avoid high-volume commuting times or accommodate family issues, such as being available for school-aged children.

Twinning, another name for job sharing, is a situation in which two or more employees split a single job. For example, a position is shared by Laura, working from 8–12, and Sal, working from 12–5. Job enrichment (vertical job loading) redesigns a job such that the position includes a greater variety of tasks, and also invests the job with greater responsibility and authority. Employees who telecommute work from home full time or part of the time, but will often come in to the office for meetings. Job enlargement (horizontal job loading) is the redesigning of a job such that the position includes a greater variety of tasks, but doesn't invest the job with greater responsibility and authority.

**23. The correct answer is B.** An employee cannot refer to a work schedule to find out what funds have been allocated to a project. A budget is a financial-planning tool that an organization uses to determine the funds that have been allocated to a project. Budgets show expected expenditures and earnings over a specific time period and categorize funds to be spent on various business activities.

A work schedule designates which projects are currently underway, what employees or groups of employees will be accountable for which tasks, and the deadlines by which various elements of these tasks must be completed.

**24. The correct answer is B.** The European Union was established by the Maastricht Treaty, signed into effect in 1992. The Treaty of Versailles brought an official end to World War I.

**25. The correct answer is D.** An employee's benefits package does not include salary. Employee benefits supplement an employee's salary. Together, salary and benefits comprise the employee's compensation package. Vacation time and bonuses are examples of benefits.

A bonus is a financial compensation above and beyond an employee's salary, usually awarded for achieving some performance standard. Bonuses are dependent upon an employee's performance during a given period as well as the company's performance during the same period; bonuses tend to fluctuate and will sometimes not be given at all during periods of financial constraint. Other optional employee benefits may include health insurance, sick and personal days, stock options (an opportunity for employees to buy company stock at or below market value), pension plans, employee discounts, and profit sharing (supplementation of regular income with a percentage of company profits). Legally mandated benefits include unemployment and worker's compensation.

**26. The correct answer is C.** Minimizing costs spent to ensure quality control most likely represents a lapse in business social responsibility. Businesses are ethically obligated to take adequate measures to verify product safety.

**27. The correct answer is D.** Monitoring the conversion of inputs to outputs is a function of operations management. The operations management process transforms inputs, such as raw materials, machinery, and human resources, into the desired product or service according to customer specifications.

As its name suggests, it is the responsibility of the sales department to sell a company's services or products to consumers. The marketing department uses various tools to target the best consumer base for a product or service and presents the attributes of that product or service to convince potential customers to make a purchase. The customer service department assists existing customers with questions, complaints, and a

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variety of other follow-up issues. The human resources department recruits, acquires, develops, and compensates employees that would be considered to be inputs in the system.

**28. The correct answer is B.** A corporation's hiring policy is an example of a standing, or ongoing, plan that, once enacted, remains for a period of years, perhaps with some updates or revisions. A standing plan is an example of an operational plan. A hiring policy is the set of rules and regulations to which employees must adhere when making decisions related to hiring and performing other hiring-related activities. When organizations mandate that managers adhere to the company hiring policy when making decisions, the decisions are more consistent from manager to manager. The purpose of policy is to act as a common touchstone for all members of an organization. If all managers look to the same set of policies as a resource, their decisions are bound to be more consistent with one another.

A single-use plan is another type of operational plan; as it is designed to deal with a non-recurring occasion or situation, it will only be used one time. A strategic plan is a broad long-term plan that upper management derives from the organization's mission statement; it bears all organizational goals in mind. Middle-level managers enact tactical plans that directly support the strategic plans designed by top-level managers. By its very nature, any kind of policy is a long-term, not short-term, plan.

**29. The correct answer is D.** Rewarding team accomplishments would be the most effective action to take to improve group cohesiveness. A group is considered to be cohesive if it works cooperatively toward a unified purpose. A cohesive group is more likely to resolve an issue or reach a decision sooner than a non-cohesive group whose members will each be arguing for their own agendas. Rewarding team accomplishments, which must necessarily be achieved through working cooperatively as a cohesive group, would be positively reinforcing group cohesiveness.

Rewarding individual accomplishments would tend to have the opposite effect. Tampering with other elements of the team's organization, such as revising its project mission or having team members alternate responsibilities, does not really address the issue at hand and is likely to create a whole new set of difficulties. Disbanding the team would be an extreme last resort.

**30. The correct answer is E.** According to the Total Quality Management (TQM) definition of a customer, the salesperson is the stereo manufacturer's customer. Total Quality Management broadens the definition of a customer to include any individual within or outside of the organization to whom an employee passes on his or her product or service.

The salesperson is not the stereo manufacturer's supplier, wholesaler, or employee. Nor is the stereo manufacturer the salesperson's customer.

**31. The correct answer is D.** An employee is least likely to attain a goal that is vague. A goal is a specific organizational objective focused on where the organization wants to be at some future point in time.

A goal should have a time frame, be measurable, be specific, and ideally be associated with a reward of some kind. For instance, telling employees to "increase productivity at some point in time" is not likely to be as effective as telling them to "increase productivity by 7% by the end of the fiscal year, in order to receive a 5% bonus." If a goal consists of tasks that are familiar to the employee already, that can only help in his or her effective achievement of that goal.

**32. The correct answer is B.** Management theorist Peter Drucker believes that consistency is key to good leadership. He is quoted as saying that good leadership is not based on cleverness, but on consistency.

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Leadership is the ability to garner the respect and cooperation of employees to achieve an organization's goals.

While it could be argued that initiative, cleverness, popularity, and drive are beneficial characteristics for a leader to have, the question specifically asks what Peter Drucker believes is key to good leadership.

**33. The correct answer is C.** A laissez-faire style of leadership works best with a motivated, experienced, and skilled team. A laissez-faire style of leadership is a hands-off approach to leading where team members are left to define their own roles, create and complete their own assignments, and make decisions and handle disputes all with minimal to no input. Only a motivated, experienced, and skilled team could be productive under these circumstances.

Although laissez-faire leaders are typified by their non-involvement, they do make themselves available to provide input when necessary. In no way does the leader make all decisions, assign roles to team members, or act as a mediator.

**34. The correct answer is A.** The Program Evaluation and Review Technique (PERT) is a network scheduling system that was invented by the U.S. Department of Defense to speed up the process of military project management; it was quickly adopted by the private sector.

Management information systems (MIS) collect, organize, and distribute data in a way that the information produced is useful and relevant to a manager. TQM stands for Total Quality Management, which focuses on achieving quality at all levels and areas of an organization. Isabel Myers and her mother, Katharine Briggs, developed the Myers-Briggs Type Indicator (MBTI) based on psychologist Carl Jung's studies on psychological type. The MBTI, widely used in corporate and academic environments alike, is a tool designed to determine an individual's mental and emotional preferences for dealing with common issues and for understanding those of their coworkers. A LAN is a small independent in-house computer network that allows a group of on-site employees to have access to the same project.

**35. The correct answer is E.** An increase in communication costs is not an effect of an increase in the use of computer technology in the workplace. Communication costs have actually decreased as a result of technological innovations such as e-mail. The use of e-mail dramatically reduces long-distance phone charges, a particularly crucial point for global companies. It also saves on the cost of paper, postage, and delivery services.

It is true that some employees have developed computer-related disabilities, such as carpal tunnel syndrome. Most organizations make efforts to invest in ergonomics in order to improve working conditions related to technology.

Employees are able to be more productive in less time with the help of technological advancements, but employees do require specialized training to be able to utilize the technology that they have. Because automation can get the job done much more quickly than employees can perform the same function manually, technological resources have replaced some human resources.

**36. The correct answer is B.** Henri Fayol is responsible for developing 14 principles of management, which were based on his own management experiences. They include such principles as work specialization, unity of command, centralization, and team work. Fayol was affiliated with the classical administrative school of management.

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Chester Bernard developed the acceptance theory of management that focuses on an employee's willingness to accept those who possess legitimate authority to act. Frederick Taylor is known as the "father of scientific management." Taylor believed that organizations should analyze the tasks that it needs to have performed, then develop a set of procedures for the best way of doing them. Douglas McGregor ascribed to the behavioral management theory. He is most famous for his concepts of the Theory X manager and the Theory Y manager. According to McGregor, the Theory X manager sees employees as being essentially irresponsible, untrustworthy, and lazy, whereas the Theory Y manager sees them as being responsible, trustworthy, and motivated. Max Weber is best known for being proponent of an objective, non-personal form of organization known as a bureaucracy.

**37. The correct answer is B.** A government-imposed regulation that sets a limit for the importation of a certain product in a given year is a quota.

The exchange rate is the value of one country's currency in terms of that of another country; it is primarily determined by the supply and demand for the products and services of each country. An embargo, or blockage, is a situation where trade to a particular region or country is prohibited. The physical support system for the economic activities of a country is known as that country's infrastructure. Ports, railroads, highways, and utilities would all be considered part of the infrastructure. A tariff is a tax that is placed on a country's or region's imports and/or exports as a result of a political event.

**38. The correct answer is E.** According to David McClelland's acquired needs theory, achieving an effective performance would be least important to an individual with a high need for power.

McClelland's acquired needs theory essentially asserts that individuals prioritize needs differently, and that these needs are not innate, but rather learned through life's experience. McClelland categorizes these needs as power needs, achievement needs, and affiliation needs. An achievement need is the need to excel, while an affiliation need is a need for interpersonal relationship. A power need is the need to be able to influence the behavior of others. Individuals with strong power needs are focused more on attaining status than an effective performance. They seek out competitive situations where they can emerge as the person in charge. They pursue career paths leading to promotion.

**39. The correct answer is E.** Since this power is based in the advisor's own knowledge and skills set, it would be considered to be expert power.

Referent power results from an individual's personal leadership characteristics that command respect from subordinates. Legitimate power is based in the authority granted to a formally assigned position. Reward power is based in the authority to reward subordinates with promotions, raises, recognition, interesting opportunities and assignments, and the like. The polar opposite of reward power, coercive power stems from the authority to punish in such ways as demoting or firing employees.

**40. The correct answer is C.** Reengineering brings about improvement in quality by radically restructuring processes to bring about fast change. In a dynamic, fast-paced environment, it is the most efficient way of bringing about improvement in quality.

Having issues proceed through a number of channels before decisions are made regarding them and adhering to rules and protocol are more bureaucratic methods. A bureaucracy is a formal procedure-based structure whose protocol does not lend it to being suited to a dynamic, fast-paced environment that calls for quick responses. The quality school of management's "kaizen" approach is the notion of working toward steady, continuous, incremental improvement. It is a process that could bring about significant change over a period

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of time, but not overnight. Strategic planning focuses on long term goals and solutions and would be looking more toward future planning than reacting to the immediate demands of a dynamic environment in the way that reengineering would.

**41. The correct answer is B.** Frederick Herzberg was not a contributor to the quality movement. Herzberg is known for developing a set of theories regarding motivation in the workplace. Herzberg's two-factor theory isolates two sets of factors that affect motivation in a work environment: satisfiers and hygiene factors. Satisfiers or motivators, such as a sense of achievement or feeling of recognition, actually motivate employee behavior. Hygiene factors, such as salary or job security, are not employee motivators per se, but their absence can lead to employee dissatisfaction.

In his book, *Total Quality Control*, Armand V. Feigenbaum, argued for a total or systematic approach to quality. He believed that quality is not solely the responsibility of the quality control division of the manufacturing department, but rather, that quality is the responsibility of an entire organization. He was a proponent of building in quality at the outset, as opposed to inspecting and controlling quality later on down the line.

In his system known as the Fourteen Points, W. Edwards Deming delineates the steps that an organization should institute to achieve TQM (Total Quality Management). Like Feigenbaum, he believed that the achievement of quality is the responsibility of the entire organization and that a commitment to building quality into the product would eliminate the need for mass inspection. Deming also believed that quotas account for only numbers at the expense of quality, and that they inevitably lead to increased costs and inefficiency.

Joseph Juran believed that most quality problems are the fault of managers, and that training and other efforts to improve quality had to begin with the highest levels of management first. Juran saw the quest for quality as a managerial responsibility. He believed that quality is the result of careful planning. He challenged managers to set goals for improvement, make specific plans for how to meet those goals, assign responsibility to specific workers for meeting those goals, and reward the meeting of these goals accordingly. Juran further emphasized that managers must institute quality control as a part of their control system.

Philip B. Crosby believed that quality is relatively cost effective and that in the long run, its benefits far outweigh any costs incurred. He is famous for his "zero defects" program, which stresses "doing it right the first time" (DIRFT) so that all output is up to par. Like Feigenbaum and Deming, he believed in investing in ways to raise performance standards to the point where resulting products have no defects as opposed to investing in "after the fact inspection."

**42. The correct answer is C.** A single-use plan is an operational plan that is only used one time as it is designed to deal with a non-recurring occasion or situation. First-level managers, such as team leaders and supervisors, enact operational plans as a means by which to achieve their job responsibilities. Operational plans directly support the tactical plans designed by middle-level managers.

Tactical plans delineate what lower-level units must accomplish, how they should achieve their goals, and who should be supervising the mission. Tactical plans directly support the strategic plans designed by top-level managers. High-level managers focus their concern on broad long-term plans that are derived from the organization's mission statement and bear all organizational goals in mind. An ongoing or continuing plan is another type of operational plan that, once enacted, remains for a period of years, perhaps with some updates or revisions. A contingency plan is an alternate plan that can be implemented in the event that changing circumstances make the original plan unworkable.



**43. The correct answer is D.** An organization is most likely to be decentralized if the external environment is dynamic. A decentralized organization delegates authority to lower levels of the organization, while a centralized organization concentrates authority in the upper levels. It would be best to give authority to low-level managers in a dynamic external environment as they have direct contact with clients and suppliers, and their problems, and can resolve situations in the efficient manner that such an environment demands.

On the other hand, it would be best to keep management centralized when there are risky and consequential decisions to make, when low-level managers are relatively unskilled or inexperienced, when the organization has traditionally been centralized, or when it is strongly procedure and policy-based.

**44. The correct answer is D.** Bureaucracies are traditionally known for being procedure-based.

Bureaucracies have formal structures with a number of channels through which issues must proceed before decisions can be made regarding them, so they will not be quick to respond. Their adherence to rules and protocol does not lend them to being either flexible or creative.

**45. The correct answer is A.** An effective goal is one that is achievable. A goal is a specific organizational objective focused on where the organization wants to be at some future point in time.

There can be effective long-term goals and effective short-term goals; neither is a standard for effectiveness. Goals should always be specific and straightforward in nature, as opposed to being general and complex. If a goal is so vague, or so difficult, that an employee does not know where to begin with it, it can lead to frustration and low morale.

**46. The correct answer is C.** A manager training a new employee for a job requirement is the most likely of the given scenarios to require more than one channel of communication, as an employee needs to be able to ask questions and make clarifications during the training process. The manager will also likely want to get feedback in the form of quiz responses or demonstrations from the trainee to ensure that he or she fully understands the information that has been presented during the training.

The remaining answer choices are far less likely to require more than one channel of communication. These scenarios are essentially examples of messages being delivered and are thus more likely to involve a simple imparting of information in one direction.

**47. The correct answer is B.** An informal organization does not have a definable chain of command. A chain of command is the consistent line of relationships from the top to the bottom of a formal organization.

Informal organizations, or cliques, form naturally, are exclusive, and emphasize personal relationships. They contain a grapevine that is an integral part of a company's communication process even though it is not part of the formal channels of communication. Although grapevines have traditionally gotten a rap for being rumor mills churning out unreliable information, studies have shown that a vast majority of the information is accurate.

**48. The correct answer is D.** Legitimate power lies in the authority granted to a formally assigned position.

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Referent power is the kind of power that is invested by employees in a leader whom they admire and wish to emulate. Coercive power stems from the authority to punish in ways such as demoting or firing employees. Referent power is derived from an individual's personal leadership characteristics that command respect from subordinates. Expert power is the type of power that has its basis in a manager's own knowledge and skills set. Reward power is drawn from the authority to reward subordinates with promotions, raises, recognition, and interesting opportunities and assignments.

**49. The correct answer is B.** A team leader that accepts credit for his team's successes but blames individual members for failures is exhibiting a self-serving bias. The leader views very similar situations quite differently according to how he is best benefited by the perception.

Projection is the act of ascribing one's own ideas or emotions to another. Selective perception is focusing on particular aspects of a situation that are consistent with one's own beliefs or values. Stereotyping is the assignment of a characteristic or attribute to an individual that is commonly associated with his or her race, ethnicity, age group, or gender. The Pygmalion effect is the notion of the self-fulfilling prophecy, whereby an individual will act according to what another's expectation of him or her is.

**50. The correct answer is A.** In order for an employee to be eligible for unemployment insurance, the employee cannot have been responsible for losing the job; for instance, the employee would be eligible for unemployment insurance in the case of a layoff.

The employee is ineligible for unemployment insurance if he or she was fired from the position or resigned from it. An employee need not have been a manager or profit-sharing participant to be eligible for unemployment insurance. Profit sharing is the supplementation of an employee's regular income with a percentage of company profits.

**51. The correct answer is B.** When an employee asks her manager for a salary increase, it is an example of upward communication. Upward communication takes place when information is traveling from someone lower on the hierarchy to someone higher on it.

Downward communication takes place in the opposite situation, when information is traveling from someone higher on the hierarchy to someone lower on it. A manager delegating tasks to her subordinates is an example of downward communication. Horizontal communication is communication between parties on the same hierarchical level in an organization. It usually focuses on coordination of assignments or material or human resources. There is no form of communication classified as backward or forward communication.

**52. The correct answer is C.** As a business expands it will tend to become more hierarchical. A hierarchical organization is characterized by formal authority, procedures and rules, clearly defined division of labor, and promotions based on skills.

The other answer choices, less complicated, more organic, less reliant on formal authority, and more decentralized are really just different names for and characteristics of an organic structure. Organic structures are informal and flexible systems of management. They have flexible roles since the tasks at hand are constantly being redefined. Their authority is decentralized with little reliance on procedure and formal means of delegation.

As businesses expand, they need to become more formalized and controlled in an effort to manage an increasingly unwieldy organization with complex relationships among various levels of management. A clearly defined division of labor, procedures, and rules promote efficiency, ensuring that no work is being

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duplicated and that matters are being handled via methods that have been found to be the optimal ones during the organization's growth period.

**53. The correct answer is C.** The behavioral school of management focuses on the human-based elements of work, believing that increased understanding of such behaviors as group interaction, motivation, and conflict resolution will lead to increased productivity.

The quantitative school of management was born from research conducted during World War II. Its approach to management involves the use of quantitative techniques such as statistics and computer simulations to aid in managerial decision-making processes.

The contingency school of management doesn't believe that there is one best way or group of ways to manage; it takes a flexible approach to management that depends on a given situation. The customer-focused quality school of management strives to continuously improve performance to deliver high quality goods or services to the marketplace. The classical school of management focuses on the single best way to perform and manage tasks.

**54. The correct answer is B.** Having students take a standardized admissions exam would be an example of a feedforward control by a university. Feedforward controls are preliminary controls that aim to prevent problems with below-standard performance before they happen. Human resources and material resources such as capital, machinery, or inventory can all be subject to feedforward controls. A standardized admissions exam prescreens applicants to ensure that they possess the skills necessary to meet with success at the university.

Having chairpersons monitor professor performance by sitting in on a lecture would be an example of a concurrent control. Concurrent controls monitor performances while they are occurring to ensure that they are meeting standards. Having students fill out evaluation forms on their professors at the end of a course, issuing final grades at the end of each semester, and reviewing a department's budget to see if actual spending matched projected expenses are all examples of feedback controls. Feedback controls review performances that have already taken place to ensure that they've met designated standards.

**55. The correct answer is C.** An organizational culture that emphasizes adherence to authority is most likely characterized by high power distance. In these cultures, hierarchy is clearly defined, and authority roles are strongly respected.

**56. The correct answer is A.** Kohlberg's model posits three levels of moral development: preconventional, conventional, and principled. The principled level may also be called postconventional.

**57. The correct answer is D.** Confrontation calls for a direct verbalizing of the conflict at hand.

Avoidance is a strategy that ignores the conflict. Smoothing is a strategy for managing conflict that involves playing down differences among parties. In a compromise situation, each party gives up something that it wants in order to acquire something else that it wants. Collaboration is when the involved parties mutually work together to solve the conflict.

**58. The correct answer is B.** The initiation of this tracking system represents a process-oriented change. Process-oriented changes increase productivity and efficiency by re-engineering work processes. Changes are made to how services are offered or how products are manufactured. The capital and time investment

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involved with acquiring the database and training employees how to use it, coupled with the increase in productivity that it is likely to bring, would make it unlikely for the change to only be a short-term one.

People-centered changes involve adjustments to employee attitudes and behaviors and improvements to skill levels or performance. Such changes usually call for motivational leadership, solid communication, group encounters, and professional development. A strategic change alters the company's strategy to better meet its own organizational objectives and the demands of its external environment. Strategic changes might adjust what products are sold, how they are sold, and to whom they are marketed. A structural change involves redesigning an organization's structure in response to environmental demands. Structural changes can be made to hierarchy, goals, systems, or procedures.

**59. The correct answer is B.** The unfreezing stage in an organization's change process involves challenging the status quo by pointing out the ways in which the current system is lacking. The unfreezing stage also involves an awareness of the need for a change and the obstacles that will be involved with it. Once it has pointed out the shortcomings of the status quo, it defines the ways in which the proposed replacement system is better. Employees are educated through a variety of means, such as demonstrations and training programs, as to how former structures processes and procedures will be "unfrozen."

Changing is the next logical step after unfreezing, but it will only be successful if employees have been adequately prepared for the change, are comfortable with it, see it as being positive, and are supported during it. The refreezing phase completes the process. New behaviors and processes are positively reinforced so that they will be maintained. There are no stages called freezing or reinstating.

**60. The correct answer is B.** It is not likely that individual decision-making processes will be more time-consuming than group decision-making processes since group decision-making processes must allow time for debate.

Group decision-making processes do draw on a greater pool of ideas since there are more contributing members. A group decision can end up being a compromise rather than the best possible decision since the decision has to be amenable to a number of members with a variety of different interests. Employees are more likely to be supportive of a group decision since a group-made decision tends to be representative of a broader group of employees. Group decision-making processes are susceptible to groupthink. Groupthink is the phenomenon of group members going along with the opinion of the group. When groupthink occurs, it is likely that not all of the best possible options are being brought to the table.

**61. The correct answer is C.** The existing condition in an organization is known as the status quo.

A driver is a force of change directed toward solving a problem. A resister is a force of change directed toward inhibiting the solving of an organization's problem. A mission statement is a written statement of why an organization exists and what it stands for. A quota is a portion that each member in a given group is called upon to contribute. For instance, salespeople may have sales quotas that numerically dictate how much they must produce in sales during a given period.

**62. The correct answer is B.** The authoritarian leadership style is known for low-level concern with people and high-level concern with production. It values organizational achievement over employee concerns.

The impoverished leadership style is characterized by low-level concern with both people and production. Its primary aim is to create as few problems for managers as possible. The middle-of-the-road style is concerned

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with people and production equally. It wants to maintain employee morale at a level where the organization's goals will be achieved. The country club style has high-level concern with people and low-level concern with production. Its primary concern is the promotion of a secure environment in which employees will be comfortable. The team style is characterized by high-level concern with people and high-level concern with production. Its goal is to create a unified and committed work team.

**63. The correct answer is E.** Responsibility is the obligation that an employee is assuming when he accepts an assigned task.

Company policy is the set of rules and regulations to which employees must adhere when making decisions and performing other job-related activities. Standards are guidelines that employees follow to ensure that the quality of their work is up to par. A work schedule designates which employees or groups of employees will be accountable for which tasks, and the dates by which various elements of these tasks must be completed. The list of steps that an employee must follow in completing an assigned task is known as procedure.

**64. The correct answer is D.** This situation is an example of the Pygmalion effect. The Pygmalion effect is the notion of the self-fulfilling prophecy, whereby individuals will act according to another's expectations of them. Kyle is aware that his manager does not see him as an effective leader, so he, in turn, shies away from even the most informal leadership positions.

Projection is the act of ascribing one's own ideas or emotions to another. Classifying is assuming something about someone because he or she is a member of a particular group. Selective perception is focusing on particular aspects of a situation that are consistent with one's own beliefs or values. Stereotyping is the assignment of a characteristic or attribute to an individual that is commonly associated with his or her race, ethnicity, age group, or gender.

**65. The correct answer is C.** Zero-based budgeting is when budgets are developed in such a way that each allocation must be justified by how it will contribute to company's objectives.

When low-level managers create budgets that are then passed along to higher levels of management for approval and adjustment, the arrangement is known as bottom-up budgeting. Top-down budgeting is when upper management prepares a budget and passes it down to lower-level employees. There are no forms of budgeting called lateral budgeting or inflexible budgeting.

**66. The correct answer is C.** A secretary who can grant approval for use of the conference room has staff authority. This limited form of authority, which need not be obeyed, supports line authority in an assisting capacity.

A department manager who can delegate work to her subordinates, and a recently promoted supervisor who can make up a work schedule, have line authority. Line authority endows a manager to direct and delegate to his or her subordinates and make certain levels of decisions on his or her own. A human resources manager who can give training-related assignments to members of various departments has functional authority, which is the authority to make certain decisions regarding activities and decisions of members in a department other than one's own. A new employee going through job orientation doesn't have any form of authority.

**67. The correct answer is C.** A group working together to generate ideas is described as brainstorming.

Groupthink is the phenomenon of group members to go along with the opinion of the group. A decision tree is a decision-making technique that shows a complete picture of several alternative decision paths. A manager

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or group leader who uses the Delphi technique makes a decision by using written questionnaires of participants who have never met. The nominal group technique involves using a structured forum that encourages equal input from all participants and discourages groupthink.

**68. The correct answer is A.** Improvement to management information systems (MIS) is an example of an indirectly interactive force. Indirectly interactive forces are political, economic, legal, sociocultural, or technological in nature. They affect various organizations disproportionately. For instance, multinational companies are likely to be subject to political, economic, legal, and sociocultural issues that domestic companies are not.

Company owners, customers, suppliers, and even competitors are examples of directly interactive forces. Directly interactive forces are more closely associated with an organization than indirectly interactive forces are, and managers have responsibilities to these groups and individuals. For instance, management has an obligation to acknowledge and bargain in good faith with representatives that workers have chosen to bargain collectively for them.

**69. The correct answer is C.** Authority is the formal right that a manager possesses to delegate responsibility, make decisions, and allocate resources in an effort to achieve organizational goals for which she is responsible; it is delegated from the top down in any organization. Authority can be delegated from a manager to an employee that is his or her subordinate, and authority can be delegated from a higher-level manager to a lower-level manager.

Responsibility is the obligation that an employee is assuming when he accepts an assigned task. Power is the ability to influence the behavior of others. Accountability is the answering for one's own actions and accepting responsibility for them.

Leadership is the ability to garner the respect and cooperation of employees to achieve an organization's goals. Whereas management derives its power solely from the position, leadership qualities are reflected from the individual.

**70. The correct answer is B.** Expert power and referent power can both be described as forms of personal power. Personal power is an internal source of power based in a person's personality traits and knowledge or skills.

As its name suggests, positional power is derived from the position that an individual holds in an organization; it is a form of external power. Reward power, coercive power, and legitimate power are all examples of such power. While an individual with positional power must forfeit that power upon vacating the position, an individual with personal power maintains that power within himself or herself. Punitive power is really just another name for coercive power. Coercive power stems from the authority to punish in ways such as demoting or firing employees. Reward power is drawn from the authority to reward subordinates with promotions, raises, recognition, and interesting opportunities and assignments.

**71. The correct answer is D.** Group members do not necessarily have to agree on issues relevant to the project at hand; it is highly unlikely that all members of a group would be in agreement on all project-relevant issues. What is important, however, if the group is to be considered a team, is that it implements an effective system to resolve such inevitable conflicts so that they do not impede progress.

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The remaining choices, the group consisting of two or more individuals, group members having regular interactions, group members sharing a unified purpose, and group members coordinating work to accomplish team goals are all criteria for a group to be considered a team.

**72. The correct answer is C.** The only valid statement is that teams enter the storming phase with clarity about what their team's mission is. The storming stage of team development, characterized by conflict and competitiveness, is where the team works out exactly how it is going to work together (or not) to carry out this mission. The clarity about what the team's mission is is gained during the initial forming stage, the stage that precedes storming.

Team members become familiar with one another and the tasks at hand during the forming phase. By the end of this phase, the team has also established what their team rules are, what resources are available to them, and what project responsibilities will be undertaken by each member. Teams have not yet built a cohesive community by the end of the forming stage, however; that will occur during the norming stage if the team even reaches that stage.

During the next stage, the storming stage, team members will argue and compete as they attempt to clarify issues surrounding power, authority, responsibility, and commitment. Some teams who do not properly address these issues never move beyond this stage. In order to progress to the next stage, the norming stage, team members must be open to engaging in active problem solving. During the norming stage, the team focuses on building a cohesive community by recognizing one another's contributions, resolving issues, brainstorming effectively, and providing feedback to one another. A team's focus and collective creativity is heightened during this stage. Norming is not the most productive of the stages; the following stage, the performing stage, is the stage that is most characterized by productivity and team loyalty. The team has solidified its identity by this point. If a team has been assembled to work on a particular project, there will come a point in time during which it will have to disband; this stage is known as adjourning. The adjourning phase is not characterized by a sharp focus on achieving team goals. Rather, this final stage focuses not so much on performance, but on recognition of team solidarity and achievement. Team members often have difficulty giving up their attachment to being a member of a team and the sense of belonging derived from inclusion in it.

Not all teams will proceed through all five of these stages of development.

**73. The correct answer is C.** An inherent problem with functional authority is that it can defy unity of command. The unity of command principle states that each employee must be accountable to one and only one supervisor. Functional authority is defined as the authority to make certain decisions regarding activities and decisions of members in a department other than one's own. It can break the unity of command principle by creating a situation where an individual is reporting directly to two superiors. A common example is when an employee's direct supervisor has authority over his day-to-day activities, but another supervisor at corporate headquarters supervises an aspect of his job for which the corporate manager has more specialized skills. The concept of functional authority was originally designed by Frederick Taylor as a means of relieving certain lower level managers and employees from the responsibilities of planning so that they could focus on ensuring that plans were actually carried out. The confusion of the dual loyalties can be lessened by clearly delineating to whom an employee reports regarding what activities and decisions.

Line authority endows a manager to direct and delegate to his or her subordinates and make certain levels of decisions on his or her own. Staff authority is a limited form of authority, which need not be obeyed; it supports line authority in an assisting capacity. A department assistant who can grant permission to department members on certain departmental issues in his boss's name has staff authority. Decentralized

authority has little reliance on procedure and delegates authority to lower levels of the organization, thus empowering employees. Hierarchical authority, on the other hand, characterizes a centralized organization. Hierarchical authority, with its highly defined roles, concentrates authority in the upper levels of the organization; it flows down the chain of command vertically.

**74. The correct answer is B.** A joint venture is a situation where two international firms that are traditionally competitors decide to work cooperatively and modify their products to meet foreign market demands. A joint venture is an example of a multinational approach through which both parties gain access to foreign markets with the joint venture agreement delineating the roles and responsibilities of both parties.

A wholly-owned subsidiary is a multinational approach where a company purchases either all of or controlling interest in a foreign company. A global strategic partnership is another multinational approach that is much more involved than a simple joint venture. In such partnerships, two firms make a long-term commitment to come up with major products expected to dominate international markets. A global strategic partnership only utilizes one product marketing strategy for all markets and neither party modifies products to meet foreign market demands. Exportation is a situation where an organization sells its products to a foreign broker. The exporting organization has little to no control over how the products are marketed following the purchase. An embargo, also known as a blockage, is a situation where trade to a particular region or country is prohibited.

**75. The correct answer is B.** The cost involved with implementing a TQM (Total Quality Management) program is not one of its benefits. Programs are actually time-consuming and expensive to implement and many organizations do not have the resources and reserves to make such a commitment.

Once the initial investment of time, effort, and capital are made, however, the benefits of TQM are many. Organizations that employ TQM will acquire a reputation for quality, and will therefore be able to command a higher price for its goods and services, and get a better return on its investments. Once a customer has experienced the quality of the organization's product or service, it should be easier for the organization to retain that customer.

**76. The correct answer is E.** Overall work output is likely to increase, or at least remain constant; it is not likely to decrease as a result of outsourcing. Outsourcing affords an organization the opportunity to increase overall work output since it broadens the pool of workers to whom projects can be assigned. For this same reason, the workload of in-house employees is likely to decrease.

Outsourcing does decrease overall costs since an organization's costs involved with hiring independent contractors are less than those involving hiring more in-house staff. Organizations do not have to pay for independent contractors' benefits packages or for the cost of their machinery or the rental of the space within which they work.

**77. The correct answer is B.** A characteristic of continuous-process production is that it utilizes a highly automated system. Continuous-process production is a system that transforms raw materials into goods by constantly feeding the raw materials through an automated system.

Since continuous-process production relies heavily on technological equipment, it does not require an extensive workforce. Continuous-process production has a flexible, not a rigid, structure.

**78. The correct answer is B.** Firms that continually evolve and encourage employees to improve performance based on their experiential lessons are called learning organizations. Learning organizations



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promote experimentation, an open exchange of information, continual learning, and constant growth in their efforts to meet their goals. Learning organizations are forward thinking and team focused and are thusly well-equipped to respond to contemporary dynamic environments.

A bureaucracy is a formal procedure-based structure with a number of channels through which issues must proceed before decisions can be made regarding them. A bureaucracy's adherence to rules and protocol does not lend it to being suited to dynamic, fast-paced environments that call for quick responses.

Informal organizations, or cliques, form naturally, are exclusive, and emphasize personal relationships. They contain a grapevine that is an integral part of a company's communication process even though it is not part of the formal channels of communication. Multinational, or global organizations do business with countries other than in the one in which they are based. Multinational companies will often partner with foreign companies through joint ventures or global strategic partnership in order to gain access to foreign markets. Exportation is a situation where an organization sells its products to a foreign broker. A wholly-owned subsidiary is a multinational approach where a company purchases either all of or controlling interest in a foreign company.

**79. The correct answer is E.** A grievance is a formal statement of complaint about a situation, usually made by an employee or group of employees to management.

When two parties agree to work in a cooperative manner to resolve a labor dispute, it is called a negotiation. When a third party is invited into a negotiation to facilitate a resolution, it is known as a mediation. When that third party is actually empowered to decide how the dispute will be resolved, it is called arbitration. An appraisal is a formal review that measures an employee's performance against predesignated standards.

**80. The correct answer is B.** The storming stage of team development is characterized by conflict and competitiveness; storming is the second stage of team development following forming.

During the forming stage, team members become familiar with one another and the tasks at hand. By the end of this phase the team has established what their team rules are, what their project's mission is, what resources are available to them, and what project responsibilities will be undertaken by each member. During the next stage, the storming stage, team members will argue and compete as they attempt to clarify issues surrounding power, authority, responsibility, and commitment. Some teams who do not properly address these issues never get beyond this stage. In order to progress to the next stage, the norming stage, team members must be open to engaging in active problem solving. During the norming stage, the team focuses on building a cohesive community by recognizing one another's contributions, resolving issues, brainstorming effectively, and providing feedback to one another. A team's focus and collective creativity is heightened during this stage. The following stage, the performing stage, is characterized by productivity and team loyalty. The team has solidified its identity by this point. If a team has been assembled to work on a particular project, there will come a point in time during which it will have to disband; this stage is known as adjourning. This final stage focuses not so much on performance, but on recognition of team solidarity and achievement. Team members often have difficulty giving up their attachment to being a member of a team and the sense of belonging derived from inclusion in it.

**81. The correct answer is B.** Job orientation provides new employees with basic information about the organization for which they are working.

A factory employee performing a single assembly-line task on a repeated basis is an example of work specialization. Work specialization, also known as division of labor, is the division of an organization's tasks

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into separate jobs. Twinning is another name for job sharing, a situation in which two or more employees split a single job. Mentoring is a situation where a knowledgeable and experienced individual in a field offers guidance to a less experienced, often younger individual. Job enlargement (horizontal job loading) is the redesigning of a job such that the position includes a greater variety of tasks.

**82. The correct answer is A.** When employees become empowered, management becomes more decentralized and less hierarchical. A decentralized organization delegates authority to lower levels of the organization, while a hierarchical or centralized organization concentrates authority in the upper levels.

Empowerment gives employees autonomy and authority to accomplish certain tasks. When employees become empowered, they require less monitoring as they have more license to make decisions on their own. Jobs would not be more flexibly designed as empowered employees do not need to be so adherent to procedure. The organization is also better able to respond to a volatile environment if the employees on the front lines are empowered to make quick decisions without waiting for approval from levels of hierarchy.

**83. The correct answer is B.** A demotion would not be considered a separation because the employee would remain with the firm. A demotion downgrades an employee's position to a job with lesser significance and lesser authority; it is also likely to involve a pay cut.

A retirement, firing, layoff, or resignation would all be considered a separation, as they would end the employee's relationship with the firm one way or another. Retirements or resignations are voluntary, whereas firings and layoffs are not. A layoff is distinguishable from a firing in that it is the result of downsizing or some other factor, and is not the result of the employee having done anything wrong.

**84. The correct answer is C.** A private employer of a 12-person staff is exempt from complying with the provisions of Title VII of the 1964 Civil Rights Act since compliance is only required of private employers with 15 or more employees.

All educational institutions, public and private employment agencies, state and local government offices, and labor unions with at least 15 members must comply.

**85. The correct answer is B.** The concern of this multinational corporation is one regarding the economic environment of the country with which it is doing business. Economic concerns can also take the form of a foreign partner's country having low income levels or high inflation rates or an unfavorable exchange rate with another country.

Typically, political concerns facing a multinational company involve an unstable government in a country with which it does business. An American multinational company's legal concerns tend to revolve around the fact that foreign laws are different from American laws, and rights and protections to which American organizations have grown accustomed are often less strict or nonexistent in many other countries. For instance, a foreign company may copy an exported product, and foreign consumers will associate the poor quality counterfeit with the organization's original product. Concerns regarding the technological environment primarily center around the foreign partner's level of technology being compatible with that of the multinational corporation. A company cannot sell products that the foreign partner's company does not have the technology to support, and likewise, it cannot use manufacturing innovations, such as robotics, if manufacturing plants in the foreign country are not equipped to support the process.

An example of a concern that a multinational company might have involving the social and cultural environment would be translating its brand name or slogan into a foreign language. This endeavor can be

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very tricky, as a foreign word may contain a nuance or have a lesser-known meaning that can lead to embarrassment for the company as well as the failure of its marketing campaign. Some cases in point:

The makers of Pepsi were in for a surprise, as were their potential Chinese customers, when their slogan, "Pepsi Brings You Back to Life" translated to "Pepsi Brings Your Ancestors Back from the Dead" in Chinese. Not to be outdone, when Coca-Cola first introduced its product to China, they gave it a name that sounded similar to "Coca-Cola" when pronounced. Unfortunately the characters used to sound like "Coca-Cola" meant "Bite the Wax Tadpole."

**86. The correct answer is E.** Philip B. Crosby did not propose increasing post-production inspections in his 14-point program.

Crosby is perhaps most famous for his "zero defects" program, which stresses "doing it right the first time" (DIRFT) so that all output is up to par. He believed in investing in ways to raise performance standards to the point where resulting products have no defects, as opposed to investing in "after the fact inspection." Crosby did equate quality with the meeting of specifications, and he challenged managers to lead the way in designing such specifications well and maintaining controls to see that they are met. Crosby believed that quality is relatively cost effective and that in the long run, its benefits will outweigh any costs incurred.

**87. The correct answer is A.** Organizational development would be an example of a strategic plan as it implements long-term major solutions. Organizational development is a plan to make major changes to the people processes and culture of an entire organization. It applies behavioral science to the implementation of broad-based organizational change, aiming to improve interpersonal relationships among employees by encouraging open communication, cooperation, and improvements to problem solving.

High level managers focus their concern on broad long-term strategic plans that are derived from the organization's mission statement and bear all organizational goals in mind. Tactical plans delineate what lower-level units must accomplish, how they should achieve their goals, and who should be supervising the mission. Tactical plans directly support the strategic plans designed by top-level managers. Operational plans directly support the tactical plans designed by middle-level managers. First-level managers, such as team leaders and supervisors, enact operational plans as a means by which they achieve their job responsibilities. A single-use plan is an operational plan that is only used one time; it is designed to deal with a non-recurring occasion or situation. A contingency plan is an alternate plan that can be implemented in the event that changing circumstances make the original plan unworkable.

**88. The correct answer is B.** A law mandating that employers make special efforts to promote and hire members of protected groups is known as affirmative action. Affirmative action strives to eradicate current ramifications of past discrimination in the workplace.

Demographics measures certain characteristics of individuals and groups who constitute a society. Characteristics measured include age, ethnic group, gender, marital status, and income level. Boundary spanning is a means by which managers can monitor the internal and external environments affecting the organization. It is an information-gathering process focused on developments that could affect the organization. Some examples of boundary spanning include accessing customer feedback, gathering information from trade publications, conducting an internal analysis, and getting updates from industry associations. An organization that both affects and is affected by constant change on a regular basis can be described as an open system. An open system interacts with its environment and receives feedback from it, whereas a closed system does not. A company employs a differentiation strategy when it wants to set its

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products apart from those of another company by setting itself up in the market as the company to always be the first one out with the latest and greatest product.

**89. The correct answer is choice A.** Isabel Myers and her mother, Katharine Briggs, developed the Myers-Briggs Type Indicator (MBTI) based on psychologist Carl Jung's studies on psychological type. The MBTI, widely used in corporate and academic environments alike, is a tool designed to determine an individual's mental and emotional preferences for dealing with common issues and for understanding those of their coworkers.

The Program Evaluation and Review Technique (PERT) is a network scheduling system that was invented by the US Department of Defense to speed up the process of military project management; it was quickly adopted by the private sector. Management information systems (MIS) collect, organize, and distribute data in a way that the information produced is useful and relevant to a manager. TQM stands for the term Total Quality Management, which focuses on achieving quality at all levels and areas of an organization. DIRFT, which stands for "doing it right the first time," was coined by quality guru Philip B. Crosby. Crosby is famous for his "zero defects" program, which stresses that all output is up to par.

**90. The correct answer is choice E.** Bureaucracies are characterized by formal procedures and rules. They are not characterized by prompt decision-making largely because the formal procedures and rules mandate that issues go through a number of channels before resolution can be reached regarding them. They are not characterized by decentralized authority, but rather by centralized or hierarchical authority which retains authority at its top-tiers and has highly-defined roles, not flexible positions. Bureaucratic adherence to rules and protocol does not lend its environment to being a being creative one.

**91. The correct answer is choice D.** An incentive-based pay system is based on an employee's performance. Such a system encourages employees to achieve and succeed in a way that systems based on hours worked, seniority, education, and experience cannot. Working for a commission is an example of an incentive-based pay system.

More and more organizations are moving toward pay systems that recognize the actual contributions that an employee makes, as opposed to just recognizing positions held, hours worked, and years invested in the company.

**92. The correct answer is choice B.** Henry Mintzberg did not develop a theory regarding needs as motivational sources; rather, he studied managerial roles. In his work *The Nature of Managerial Work*, Mintzberg says that managerial roles fall into three categories: informational, interpersonal, and decisional. The roles in the informational category pertain to the analyzing and sharing of information, whereas the roles in the interpersonal category pertain to human interaction. The decisional role involves decision making.

All of the remaining choices, Abraham Maslow, Frederick Herzberg, Clayton Alderfer, and David McClelland, developed separate sets of theories regarding needs as motivational sources, as well as motivation in the workplace in particular.

Abraham Maslow's theory is based on two principles: the deficit principle and the progression principle. The deficit principle states that a satisfied need no longer motivates behavior, while the progression principle identifies a hierarchy of five needs with higher level needs only being exhibited once lower level needs are satisfied. Frederick Herzberg's two-factor theory isolates two sets of factors that affect motivation in a work environment: satisfiers and hygiene factors. Satisfiers, or motivators, such as a sense of achievement or

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feeling of recognition, actually motivate employee behavior. Hygiene factors, such as salary or job security, are not employee motivators per se, but their absence can lead to employee dissatisfaction.

Clayton Alderfer's frustration-regression principle states that previously satisfied lower-level needs will reemerge if a higher level need is not satisfied. Alderfer's ERG (Existence, Relatedness, Growth) theory is based on Abraham Maslow's hierarchy of needs theory. He recategorizes Maslow's five levels of needs into three levels: existence needs, which are physical and physiological; relatedness needs, which are interpersonal; and growth needs, which are psychological. Like Maslow, Alderfer purports that unmet needs motivate behavior, and that lower level needs, once satisfied, lessen in importance. However, if higher level needs are not met, an individual will regress back down the hierarchy, as described by the frustration-regression principle. David McClelland's acquired needs theory essentially asserts that individuals prioritize needs differently, and that these needs are not innate, but rather learned through life's experience. McClelland categorizes these needs as power needs, achievement needs, and affiliation needs. An achievement need is the need to excel, while an affiliation need is a need for interpersonal relationship. A power need is the need to be able to influence the behavior of others.

93. **The correct answer is E.** A performance appraisal cannot be used to justify the cancellation of worker's compensation insurance, since it is a legally mandated benefit.

A performance appraisal is a formal review that measures an employee's performance against designated standards. Depending on the results of the appraisal, there may be positive or negative consequences for the employee. A positive review might indicate to an organization that the employee should be eligible for a promotion or a salary increase. A review that indicates that an employee's performance is lacking in some way might suggest that additional training for the employee is warranted or that the employee does not have a future with the organization.

94. **The correct answer is B.** An employee who is downgraded to a job with lesser significance, authority, and responsibility has received a demotion. Most frequently, a pay cut will accompany the demotion.

An employee's advancement to a position of higher authority and greater responsibility within an organization is known as a promotion. A demotion is the opposite of a promotion. A transfer is usually a lateral move to another department or division. A lateral move is a move to a position on the same level as the previous position; it doesn't involve a promotion or a demotion. An employee layoff is distinguishable from employee termination in that the layoff is the result of downsizing, not the result of the employee having done anything improper.

95. **The correct answer is D.** An electronics company that strives to be the first company out with the latest technological advancements is employing a differentiation strategy. A company employs a differentiation strategy when it wants to set its products apart from those of another company by setting itself up in the market as the company to always be the first one out with the latest and greatest product.

A cost leadership strategy is a strategy that strives to keep its operating costs low by being efficient and maintaining tight controls. Its aim is to manufacture a product that is already on the market more cost effectively. A contingency plan is an alternate plan that can be implemented in the event that changing circumstances make an original plan unworkable. A single-use plan will only be used one time as it is designed to deal with a non-recurring occasion or situation, whereas strategy is more of a standing plan. A bureaucracy is a formal procedure-based structure with a number of channels through which issues must

## ANSWER. KEY.

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proceed before decisions can be made regarding them. A company that employs bureaucratic procedure would be unlikely to be the first one out with a new product line.

**96. The correct answer is B.** The relationship between the positions at a company and its employees can best be determined by consulting an organization chart. Organizational structure provides a framework for the company's structure and the organizational chart is the visual representation of this structure.

A decision tree is a decision-making technique that shows a complete picture of several alternative decision paths. An organization's mission statement articulates what the organization stands for and explains why it exists. A procedures manual contains sets of specific step-by-step directions for carrying out various organizational jobs. A payroll is a list of people in an organization who are entitled to receive pay.

**97. The correct answer is D.** Rewards and their methods of attainment should not be uniform for all comparable recipients. Reward systems need to provide a variety of rewards, such as promotions, raises, bonuses, and vacation time and tailor rewards appropriately for individuals. An employee who is mainly focused on climbing the corporate ladder and gaining power and prestige might value a promotion and recognition the most. Alternately, an employee who is working a job primarily to supplement the family income would probably value monetary, flextime, or vacation time rewards more. Since employees also have varying sets of skills to offer an organization, they should be given the opportunity to achieve rewards in a variety of ways.

All of the remaining choices, rewards satisfying employees' basic needs, being fairly and equitably distributed, being equally accessible to employees in comparable positions, and being comparable to those of nearby competitors are elements of an effective reward system.

**98. The correct answer is C.** Job enlargement (horizontal job loading) can motivate employees by making a job more interesting since it redesigns a job such that the position includes a greater variety of tasks.

Job enlargement does not, however, invest a job with greater responsibility and authority; job enrichment (vertical job loading) does that. Job enlargement does not increase a job's compensation or reduce its hours. It also does not making the hours of a job more flexible.

**99. The correct answer is A.** Reviewing the candidate's application would be the first step in the process of seeing if a job candidate is suitable for a position. Application review weeds out applicants who are inappropriate for a position based on their experiential backgrounds. It is not worth a manager's time to progress with the remaining steps with a candidate who is lacking in such a way. A properly filled out application provides the manager with all of the information needed to begin a file on a prospective employee, and to conduct the remaining follow-up steps.

Interviewing the candidate, checking the candidate's references, administering a skills test to the candidate, and administering a performance assessment to the candidate could be done in any number of orders. One manager might want to test a candidate and check on her references before investing time on a personal meeting. Another might want to interview candidates first as a weeding out device before investing time and money on assessments.

**100. The correct answer is D.** Financial-ratio analysis explains the relevance of figures that appear on financial statements as well as the relationships between certain figures.

**ANSWER. KEY.**

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Force-field analysis is a technique that implements change by isolating those forces that drive the change and those that resist it. It sees the change process as that which effectively overcomes an organization's existing condition known as the status quo. Force-field analysis identifies a force of change directed toward solving a problem as a driver. A resister is a force of change directed toward inhibiting the solving of a problem.

A payback analysis is a strategy by which a manager determines which alternative will pay back an initial investment most quickly. Decision analysis is the step in the decision-making process that involves determining the merits and disadvantages of each of a number of potential solutions. A job analysis is a study that is done to determine the qualifications that are necessary for a certain position, as well as what activities and accompanying responsibilities that job will entail.