

*Indicate whether the statement is true or false.*

1. Growth and output volume are examples of overall performance goals.
  - a. True
  - b. False
2. Official goals address issues pertaining to corporate legitimacy.
  - a. True
  - b. False
3. The internal process approach to effectiveness uses both cultural and economic measures.
  - a. True
  - b. False
4. A strategy is a plan for achievement of organizational goals.
  - a. True
  - b. False
5. The competing values approach to effectiveness demonstrates that only one managerial value (or effectiveness criterion) can be used, and managers must decide which of the four competing values they will follow.
  - a. True
  - b. False
6. Organizations using the differentiation strategy try to distinguish their products or services from others in the industry.
  - a. True
  - b. False
7. One would expect the effectiveness criteria of a football team to be affected by goal measurability.
  - a. True
  - b. False
8. Official goals represent the reason for an organization's existence and the outcomes it seeks to achieve.
  - a. True
  - b. False
9. A differentiation strategy calls for a learning approach, whereas a low-cost strategy should be paired with an efficiency approach.
  - a. True
  - b. False
10. Experienced managers are likely to interpret the environment similarly and therefore end up with similar strategic goals, thus causing a cooperative situation to occur.
  - a. True
  - b. False
11. Organizational mission and operative goals are the same thing.
  - a. True

b. False

12. A market goal would typically be stated in terms of net income, earnings per share, or return on investment.

- a. True
- b. False

13. Before the mission is defined and goals are set, top management should assess the organization's strengths, weaknesses, opportunities, and threats as well as its own.

- a. True
- b. False

14. The rational goal emphasis incorporates the values of an internal focus and a flexible structure, whereas the internal process emphasis reflects the values of internal focus and structural control.

- a. True
- b. False

15. Differentiation is the strategy specifically designed for organizations to innovate, take risks, and grow.

- a. True
- b. False

16. If an organization has well-developed goals for profitability, then that is all it needs to determine its effectiveness.

- a. True
- b. False

17. The reactor strategy is a strategy because it responds to environmental threats and opportunities in a strategic fashion.

- a. True
- b. False

18. The primary responsibility of top management is to determine an organization's goals, strategy, and design, therein adapting the organization to a changing environment.

- a. True
- b. False

19. A defender strategy is concerned with internal efficiency and control to produce reliable, high-quality products for steady customers.

- a. True
- b. False

20. Innovation and change goals are decreasingly important, even though they initially cause a large increase in profits.

- a. True
- b. False

21. Operative goals refer to the formally stated definition of business scope and outcomes the organization is trying to achieve.

- a. True
- b. False

22. A productivity goal could be stated in terms of “cost for a unit of production,” “units produced per employee,” or “resource cost per employee.”
- True
  - False
23. Goals and strategies are usually fixed and remain unchanged once top management agrees upon them.
- True
  - False
24. The low-cost leadership strategy is known for requiring skills based on strong marketing ability, creative flair, strong capability in basic research, and corporate reputation for technological leadership.
- True
  - False

*Indicate the answer choice that best completes the statement or answers the question.*

25. If one is measuring work climate, group loyalty, and worker–management communication as an indication of effectiveness, what approach is most likely being used?
- internal process
  - strategic human resources
  - quality control
  - stakeholder approach
26. When using the goal approach to effectiveness evaluation, what kind of goals is it best to use?
- operative
  - official
  - low-level
  - nonmeasurable
27. Which term is traditionally defined as the extent to which goals are realized in the organization?
- efficiency
  - scientific management
  - strategy
  - effectiveness
28. What do the choices top managers make about goals, strategies, and organizational design have a tremendous impact on?
- organizational profitability
  - organizational efficiency
  - organizational effectiveness
  - organizational market share
29. What strategy is exemplified by the slogan “We’re a no-frills business! When we save, you save!”?
- low-cost leadership
  - differentiation
  - focus
  - legitimacy

30. Which term refers to a plan for interacting with the competitive environment to achieve organizational goals?
- strategy
  - design
  - culture
  - structure
31. Which competing-values approach provides management with structural control and an external focus?
- open-systems emphasis
  - rational-goal emphasis
  - internal-process emphasis
  - human relations emphasis
32. What type of operative goals includes training, promotion, safety, and individual personal growth?
- market share
  - innovation
  - productivity of the industry
  - employee development
33. Which statement best describes the prospector strategy in Miles and Snow's typology?
- It attempts to maintain a stable business environment by finding a middle ground between stability and innovation.
  - It most closely resembles Porter's low-cost leadership strategy.
  - It responds to environmental threats in an ad hoc fashion without revealing a clear strategy.
  - It seeks innovation or risk taking and is therefore best suited to the dynamic environment.
34. What is the primary responsibility of top management?
- to perform the organization's SWOT analysis
  - to determine goals, strategy, and design, in adaptation to the environment
  - to set a motivating culture for all employees
  - to formalize and centralize the firm
35. Which strategy type from Miles and Snow's typology best matches with a strong capability in research, a decentralized structure, and an emphasis on flexibility?
- reactor
  - low-cost leadership
  - prospector
  - analyzer
36. Top managers have a number of roles in achieving organizational effectiveness. Which of the following is included in an examination of the external environment?
- threats
  - mission
  - production technology
  - strengths

37. Which of the following is a contingency approach to the measurement of organizational effectiveness?
- whether the organization's internal activities and processes are efficient
  - the system resource approach, which examines product and service outputs
  - stakeholders' views on effectiveness
  - which competing values are applicable
38. Which statement best describes the focus strategy?
- It is known for its creative flair.
  - It utilizes strong central authority.
  - It involves detailed control reports for targeting areas of emphasis.
  - It concentrates on a specific regional market or buyer group.
39. What kind of strategy is concerned primarily with stability rather than taking risks or seeking new opportunities for innovation and growth?
- focused
  - low-cost leadership
  - differentiation
  - intensive
40. The Stevens Corporation has goals that reflect deeply rooted values of growth and resource acquisition. In the competing-values approach to effectiveness evaluation, primarily which quadrant would the company be considered to be in?
- rational-goal emphasis
  - internal-process emphasis
  - open-systems emphasis
  - human relations emphasis
41. What needs to occur in order to ensure that goal setting and strategy selection are done well?
- The environment is ignored but the organization's strengths and weaknesses are evaluated to determine the appropriate goals and strategy.
  - Goals are set high so they can rarely be attained.
  - Environmental needs dictate goals and strategies and the organization is redesigned accordingly.
  - Environment and current structure and goals are considered simultaneously.
42. Whose work refers to the differentiation strategy?
- Frederic Taylor's scientific management
  - Henri Fayol's Hawthorne Studies
  - Michael Porter's competitive strategies
  - K. D. Bowerman's "Strategy for Empowerment"
43. Which idea is the basis of Miles and Snow's strategy typology?
- Strategy should correspond to technology.
  - Strategy should be congruent with external environment.
  - Strategy should be based on human resource capability.
  - Strategy should be a "fit" to the economic resource base.

44. Google has stated that its official goal is to not be evil. What does this provide them with in the eyes of stakeholders?
- measurable objectives
  - legitimacy
  - employee direction
  - decision guidelines
45. What is required to support a firm's competitive approach?
- its financial standings
  - its organizational design characteristics
  - its informal communication channels
  - its environment for green movement
46. What kind of strategy tries to maintain a stable business while innovating on the periphery?
- reactor
  - prospector
  - analyzer
  - defender
47. A firm's goals revolve around employee training, empowerment, and autonomy. Which of the competing-values approaches to effectiveness evaluation would the firm use?
- human relations emphasis
  - rational-goal emphasis
  - open-systems emphasis
  - internal-process emphasis
48. Which statement best describes the goal approach to measuring effectiveness?
- Full assessment of effectiveness should consider several goals simultaneously because high achievement on one goal may mean low achievement on another.
  - Priority setting requires that only one goal at a time can be achieved.
  - Examine the beginning of a process and evaluate if the organization effectively gains its needed resources.
  - Assess the organization's activities and assess effectiveness based on efficiencies.
49. What represents the best way to measure the overall performance of for-profit organizations?
- efficiency
  - earnings per share
  - innovation
  - productivity
50. Mini-Markets wants to capture 25% of the convenience market business in PEI. What type of goal is this?
- official
  - operative
  - generic
  - legitimacy

51. Which of the following are models for formulating organizational strategies?
- Perrow's typology and Porter's model
  - Perrow's typology and Pfeiffer's typology
  - Porter's model and Miles and Snow's typology
  - Pfeiffer's typology and Miles and Snow's model
52. What is a strength of the internal process approach?
- It tells management how well the internal processes mesh with the external environment.
  - It considers human resources and employee-oriented processes.
  - It emphasizes inputs into the organization.
  - It emphasizes outputs of the organization.
53. What is another term for mission?
- operative goals
  - decision guidelines
  - official goals
  - performance standards
54. The chief of one police force emphasizes the number of arrests while another police chief emphasizes community outreach. Which effectiveness value is the second police chief most likely using?
- human relations
  - open-systems
  - rational-goal
  - internal-process
55. Which two dimensions (i.e., axes) are the competing-values approach to effectiveness based on?
- open/closed system and values/beliefs of managers
  - internal/external focus and flexible/structured control
  - high/low analyzability and high/low variety
  - environmental change and environmental complexity
56. What kind of strategy can reduce rivalry with competitors and fight off the threat of substitute products because customers are loyal to the company's brand?
- low-cost leadership
  - focused
  - defensive
  - differentiation
57. What does the resource-based approach emphasize?
- input into an organization
  - output of an organization
  - achievement of profitability
  - amount of inventory left idle by the organization
58. Which statement best explains Porter's differentiation strategy?

- a. Differentiation strategies address whether the market scope is broad or narrow.
- b. Differentiation can be broken down into low-cost or broad-scope categories.
- c. An airline using the differentiation strategy would be likely to offer travellers refreshments at a reasonable price rather than serve free meals.
- d. The statement by Starbucks's international president that "We're not in the business of filling bellies, we're in the business of filling souls" is indicative of a differentiation strategy.

59. What kind of approach to organizational effectiveness is concerned with the output side and whether the organization achieves effectiveness in terms of desired levels of output?

- a. goal
- b. resource-based
- c. analytical
- d. internal process

60. What is top management doing when looking for strengths and weaknesses?

- a. assessing the external environment
- b. analyzing the competition
- c. evaluating the internal situation in order to define its distinctive competence
- d. determining the effectiveness of operational outcomes

61. What kind of carefully balanced goals do successful organizations use?

- a. operative
- b. innovation
- c. visionary
- d. generic

62. Which statement best describes the idea of a balanced scorecard for organizations when assessing organizational effectiveness?

- a. Profits should be less important to an organization than doing good.
- b. All of an organization's critical success factors are identified and evaluated.
- c. Internal business processes efficiency needs to be the priority and then everything else will be balanced.
- d. The organization's inputs and outputs need to be equivalent in order to ensure efficiency.

63. Which of the following best describes the big questions that strategy researchers are looking at today?

- a. Which organizational types are best suited for different organizational strategies?
- b. What are the effects of different organizational strategies on sociopolitical institutions?
- c. How do organizations change and function in our society and around the world?
- d. Why do particular industries follow particular strategies?

64. Top managers have a number of roles in the achievement of organizational effectiveness. Which of the following is included in an examination of the internal environment?

- a. opportunities
- b. weaknesses
- c. uncertainty
- d. resource availability

65. In an introductory management course, the professor was quoted as saying that “organizational effectiveness is simply the degree to which the organization achieves its pre-set goals.” Is he correct?
66. The new general manager of a (Broadway-style) theatre in Toronto wants to assess the theatre’s effectiveness as an organization. Although the theatre has grown because of its stylish productions, management from a business perspective has been relatively absent. Based on our study in organizational theory, how should the general manager approach the assessment of effectiveness?
67. You have just been hired by a large organization to serve as a first-line supervisor, but because you are in an influential department, you have the opportunity to meet the top managers at a company party and to speak with the CEO about his or her responsibilities. Knowing the responsibilities and types of decisions made by top management as we studied them in organizational theory, what would you discuss about the organization with the CEO?
68. Contrast official goals and operative goals, and provide an example that illustrates each.
69. Describe the internal-process effectiveness measure of economic efficiency.
70. Assume that a nonprofit organization is very successful at obtaining grants to support its activities. However, employees believe that a hostile work environment exists. You have heard that recipients of the organization’s services run the range of satisfaction with services provided. If you came in as an outside evaluator to this situation, describe and defend the method would you use for assessing effectiveness.
71. Some organizations do not formally set goals. How should their effectiveness be measured?
72. Based on the following description, put the strategy of Granite Rock Company into a theoretical context and explain its approach in “textbook terms.” We know that Granite Rock tracks its actual operations in at least 40 measurable ways, each plotted and posted on graphs and charts at every plant. The company surveys customers to rate itself and competitors, and aims to outperform the group average by 33%. When Granite Rock doesn’t achieve its goal, management charts the daily operations, and are assured that their employees will see a negative and want to do something about it.
73. What is the difference between a differentiation strategy and a focus strategy?
74. What is the difference between a goal and a strategy? Give an example that illustrates each.
75. What is the specific overlap between effectiveness and efficiency?
76. Apply Porter’s model for formulating strategies to the following situation: Quebecor Printing is a commercial printing company that is expanding, acquiring ailing printing companies, and moving into international markets. It has completed more than 100 mergers and buyouts since 1972, and has focused on customized service by using “selective binding” to print, e.g., two dozen versions of *Reader’s Digest* for different urban and regional markets.
77. When would you recommend that the resource-based approach be used to gauge organizational effectiveness?
78. Define and describe each of the contingency effectiveness approaches.
79. What does a competing-values approach have to do with organizational effectiveness?

80. Some people believe that athletics is overemphasized in universities; others believe that it is underemphasized. How would you go about measuring the effectiveness of a university relative to its athletics program?

81. List and describe Porter's competitive strategies.

82. You are talking at a social event with a top manager of another company about her company's effectiveness. She says flippantly, "Effectiveness is not an issue for me, because effectiveness is however I define it." Evaluate her claim.

**Answer Key**

1. True

2. True

3. True

4. True

5. False

6. True

7. True

8. True

9. True

10. False

11. False

12. False

13. True

14. False

15. False

16. False

17. False

18. True

19. True

20. False

21. False

22. True

23. False

24. False

25. a

26. a

27. d

28. c

29. a

30. a

31. b

32. d

33. d

34. b

35. c

36. a

37. a

38. d

39. b

40. c

41. c

42. c

43. b

44. b

45. b

46. c

47. a

48. a

49. b

50. b

51. c

52. b

53. c

54. b

55. b

56. d
57. a
58. d
59. a
60. c
61. a
62. b
63. c
64. b
65. No, because organizational effectiveness is a complicated multidimensional concept.
66. It would be useful to map the theatre's values on the four quadrants of the Quinn and Rohrbaugh effectiveness values. That way, the theatre could see where it needs to develop a better understanding of, and better metrics for, its performance.
67. You would discuss with the CEO how he or she sets the organization's strategy and how he or she evaluates the organization's effectiveness.
68. Official goals, known also as the mission, are those that state the organization's purpose. Operative goals describe actual specific measurable outcomes. The mission of the London Police Service is an example of an official goal, and a goal such as "The guns and drugs task force will arrest 25% more suspects in 2009 than in 2008" is an example of an operative goal.
69. The measure looks at the extent to which an organization's internal processes run well, particularly employee-oriented processes.
70. I would use the Quinn and Rohrbaugh effectiveness values matrix and collect data to map the organization on the four quadrants. Then I would see if the organization needs to shift its effectiveness criteria so that it will realize that it must look not only at output measures but also at its human relations.
71. A resource-based approach could be used. The organization's bargaining position, its ability to perceive accurately the external environment, its use of resources, and its adaptability to changes in the environment might be assessed.
72. Granite Rock Company appears to be following a differentiation strategy and is using goal approach for assessing its effectiveness.
73. A differentiation strategy involves distinguishing the organization from its competitors, while a focus strategy involves the range of markets or groups the organization is targeting.
74. A strategy is a plan for an organization to compete in its chosen environment to achieve its goals. Strategies define how an organization will accomplish its goals, i.e., where the organization wants to go. A goal for a nonprofit organization might be to increase its income sources by 15% and the strategy to achieve that goal might include applying to many foundations, creating partnerships with for-profit organizations, starting a social enterprise, and so on.

75. Effectiveness, while a broad concept, must consider a range of variables at both the organizational and departmental levels. Efficiency looks at the use of organizational inputs or resources to produce output. The overlap lies in the organizational and departmental use of the resources.

76. Quebecor Printing seems to be following Porter's focused differentiation strategy as it is targeting specific regional markets. It could continue to buy more ailing companies in Canada and use the same targeted approach for acquiring and managing its international companies.

77. The resource-based approach to gauge effectiveness is useful when other indicators of performance are hard to get. Nonprofit organizations would use it, because they may find it difficult to measure output goals and internal efficiency.

78. There are three approaches: (1) the goal approach is concerned with the output side and whether the organization achieves its goals in terms of desired levels of output; (2) the resource approach looks at the input side of the transformation process; and (3) the internal process approach measures effectiveness by the internal health and efficiency of the organization.

79. The competing-values approach tries to balance and to integrate the different contingency approaches into one framework.

80. I would look at a combination of internal and external variables such as (1) the sport and academic performance of the athletes, (2) the calibre of the athletes who apply to the university, (3) the amount of monies donated to the university for research in sport, (4) the response of the university's alumni to athletic events, and (5) the future careers of the athletes to try to develop a balanced scorecard. I would also weight their importance. In a research-intensive university, criterion (3) would be weighted as the most important.

81. There are three strategies in Porter's typology; they are determined by looking at competitive scope and competitive advantage: (1) organizations using the low-cost leadership strategy try to increase market share by low cost relative to competitors; (2) organizations using the differentiation strategy try to distinguish their products/services from their competitors'; (3) and organizations using the focus strategy concentrate on a specific regional market or buyer group. Some organizations will have a focused low-cost leadership strategy and others will use a focused differentiation strategy.

82. Her claim has some merit. Managers define the goals of the organization and they define the extent to which the organization is performing well. These factors are not fixed or given from the environment. One of the important roles of management is to define goals and effectiveness, and these factors are then taken into account by other people at lower levels within the organization. However, it is arguable that society's view is paramount, and the organization should do what is best for the larger culture. This point of view reflects a constituency criterion, and can also be accepted as legitimate. Many managers working within organizations, however, would not accept this approach to effectiveness as superior to their own definition.