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QUESTION 1

Globalization assists in achieving economies of scale, which is:

- A. Cost benefit
- B. Timing benefit.
- C. Learning benefit.
- D. Arbitrage benefit.

Correct Answer: A

Cost benefits are obtained from economies of scale as a firm expands its operations. Average costs of output decline because of standardization of products or processes, and increased bargaining power versus suppliers of raw materials, components, and services. Moreover, economies of scale may arise from centralized production or from marketing, logistical, or purchasing factors.

QUESTION 2

Organizational charts often represent the formal structure of an organization. Often the organizational chart represents a pyramid with the chief executive on the top and the operating workforce on the bottom. Which of the following would not be included in a typical organizational chart?

- A. The span of control and the number of organizational levels.
- B. Communication channels.
- C. Promotional or career tracks.
- D. Informal influence or friendships.

Correct Answer: D

Organizational charts often show the formal relationships between employers and employees. However, a shortcoming of organizational charts is that they do not show informal relationships between the upper and lower levels of the corporate hierarchy.

QUESTION 3

Formal groups are work groups within the organization assembled to perform a productive activity. How is a formal group similar to an informal group?

- A. Membership in both informal and formal groups tends to be permanent.
- B. Informal and formal groups develop their own leaders to fill the needs of the group.
- C. Informal and formal groups usually provide social satisfaction that supplements job satisfaction.
- D. Informal and formal groups are based on the organization's purpose and needs.

Correct Answer: C

The use of groups in organizations has often led to a higher degree of social satisfaction because members feel that they have contributed to a part of the group and gained the acceptance of their peers. Both informal and formal groups usually provide an employee with greater job satisfaction than the employee would otherwise have on his or her own.

QUESTION 4

Conflict arising as a result of a sales manager making delivery promises to customers that are incompatible with the low inventory levels maintained by the production manager is an example of which of the following types of interpersonal conflict?

- A. Personal differences.
- B. Information deficiency.
- C. Role incompatibility.
- D. Environmental stress.

Correct Answer: C

The sales manager has made promises that the production manager cannot keep. Their interpersonal conflict arises from a common type of role incompatibility. The sales manager's role is to maximize sales, but the production manager's role is, in part, to achieve production efficiencies, for example, by maintaining low inventories. Thus, individual and intergroup conflict has occurred because the functional responsibilities of the managers are interdependent in an interfunctional organization.

QUESTION 5

Which of the following is a benefit of implementing an electronic communication system?

- A. Relatively low capital expenditures are required.
- B. The company's comparative advantage over smaller firms that cannot afford such a system will increase.
- C. There is little need for additional resource allocation to facilitate implementation of the system.
- D. The sophistication of electronic communication systems eliminates the need for backup files and data recovery systems.

Correct Answer: B

Implementation of an electronic communication system improves the technology of a company. This increases the company's advantage over smaller companies that cannot afford electronic communication systems.