

# **Test Bank**

**to accompany**

# **Management 6<sup>th</sup> Edition**

by Schermerhorn et al.

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## Chapter 3

### Environment and diversity

#### Multiple Choice Questions

1. An organisation can create a \_\_\_\_\_ by utilising a \_\_\_\_\_ that clearly sets it apart from its competitors and gives it an advantage over them in the marketplace.

- \*a. competitive advantage; core competency
- b. general environment; specific environment
- c. core advantage; competitive competency
- d. core competency; competitive advantage
- e. competitive advantage; specific environment

General Feedback:

Learning objective 3.1: What is the external environment of organisations?

2. Contemporary managers are learning many things because of the impact of the 21st century environment. Which of the following is NOT one of the things that contemporary managers are learning to do?

- a. Contemporary managers are learning how to succeed in a world of intense competition.
- b. Contemporary managers are learning how to succeed in a world of rapid technological change.
- \*c. Contemporary managers are learning to operate in a world that devalues information, quality and speed.
- d. Contemporary managers are learning how to succeed in an environment of continued globalisation of markets and business activities.
- e. Contemporary managers are learning to respond to unrelenting new demands.

General Feedback:

Learning objective 1. Managers today are learning to operate in a world that places a premium on information, technology use, quality, customer service and speed. They are learning how to succeed in a world of intense competition, continued globalisation of markets and business activities, and rapid technological change.

3. The key result of achieving a competitive advantage is:

- a. an ability to drive the competition out of business and to make extraordinarily high profits.
- b. an ability to establish a monopolistic market position.
- c. an ability to sidestep government regulations.
- \*d. an ability to consistently do something of high value that one's competitors cannot replicate or do as well.

e. an ability to dictate consumer needs and preferences.

General Feedback:

Learning objective 3.1: What is the external environment of organisations? Regardless of how the advantage is achieved, the key result is the same - an ability to consistently do something of high value that your competitors cannot replicate quickly or do as well.

4. An organisation can achieve a competitive advantage through which of the following ways?

- a. Cost efficiency and quality
- b. Customer service and quality
- c. Pricing and customer service
- \*d. All of the options listed
- e. None of the options listed

General Feedback:

Learning objective 3.1: What is the external environment of organisations? Competitive advantage refers to the use of a core competency that clearly sets an organisation apart from its competitors and gives it an advantage over them in the marketplace.

5. \_\_\_\_\_ is especially important in the demanding global economy because nowhere in the world can managers rest on past successes and ignore what others are doing, either at home or abroad.

- a. Strategic advantage
- \*b. Competitive advantage
- c. Management advantage
- d. Core advantage
- e. Market advantage

General Feedback:

Learning objective 1. Competitive advantage in the demanding global economy can be achieved only by continuously scanning the environment for opportunities, and taking effective action based on what is learned.

6. General environment conditions exclude which one of the following categories?

- a. Economic conditions
- b. Legal-political conditions
- c. Natural environment conditions
- d. Technological conditions
- \*e. Human relations conditions

General Feedback:

Learning objective 3.1: What is the external environment of organisations? The general environment comprises economic, sociocultural, political-legal, technological and natural environment conditions.

7. The \_\_\_\_\_ consists of all the background conditions in the external environment of an organisation that form a general context for managerial decision making.

- a. specific environment
- b. management environment
- c. organisational environment
- d. task environment
- \*e. general environment

General Feedback:

Learning objective 3.1: What is the external environment of organisations? The general environment comprises economic, sociocultural, political-legal, technological and natural environment conditions.

8. Which of the following would NOT be a condition in the general environment?

- a. Political-legal conditions
- \*b. Extent and nature of competition
- c. Technological conditions
- d. Economic conditions
- e. Sociocultural conditions

General Feedback:

Learning objective 3.1: What is the external environment of organisations? The general environment comprises economic, sociocultural, political-legal, technological and natural environment conditions.

9. Political-legal conditions in the general environment include:

- a. social values regarding human rights and the natural environment, trends in education and demographic patterns.
- b. development and availability of technology in the environment, including scientific advancements.
- c. nature and conditions of the physical environment.
- \*d. philosophy and objectives of political parties, as well as laws and governmental regulations.
- e. inflation, income levels, gross domestic product and unemployment.

General Feedback:

Learning objective 3.1: What is the external environment of organisations? Political-legal conditions include laws and government regulations and the general state of the prevailing philosophy and objectives of the political party or parties running the government.

10. Economic conditions in the general environment include:

- a. social values regarding human rights and the natural environment, trends in education and demographic patterns.
- b. development and availability of technology in the environment, including scientific advancements.
- c. nature and conditions of the physical environment.
- d. philosophy and objectives of political parties, as well as laws and governmental regulations.
- \*e. inflation, income levels, gross domestic product and unemployment.

General Feedback:

Learning objective 3.1: What is the external environment of organisations? Economic conditions include the general state of the economy in terms of inflation, interest rates, income levels, gross domestic product and unemployment and related indicators of economic health.

11. Natural environment conditions in the general environment include:

- a. social values regarding human rights and the natural environment, trends in education, and demographic patterns.
- b. development and availability of technology in the environment, including scientific advancements.
- \*c. general state of nature and conditions of the natural environment.
- d. philosophy and objectives of political parties, as well as laws and governmental regulations.
- e. inflation, income levels, gross domestic product, and unemployment.

General Feedback:

Learning objective 3.1: What is the external environment of organisations? Natural environment conditions include the general state of nature and the conditions of the natural environment, including levels of public concern expressed through environmentalism.

12. Technological conditions in the general environment include:

- a. social values regarding human rights and the natural environment, trends in education and demographic patterns.
- \*b. development and availability of technology in the environment, including scientific advancements.
- c. nature and conditions of the physical environment.
- d. philosophy and objectives of political parties, as well as laws and governmental regulations.
- e. inflation, income levels, gross domestic product and unemployment.

General Feedback:

Learning objective 3.1: What is the external environment of organisations? Technological conditions This includes the general state of the development and availability of technology, including scientific advancements.

13. Persons, groups, and institutions that are affected in some way by the organisation's performance are referred to as:

- \*a. stakeholders
- b. target populations
- c. agencies
- d. All of the options listed
- e. None of the options listed

General Feedback:

Learning objective 3.1: What is the external environment of organisations? Stakeholders are the individuals, groups and institutions directly affected by an organisation's performance.

14. The specific environment can be described in terms of which of the following?

- a. Persons, groups or institutions that are affected by the organisation's performance
- b. The task environment
- c. Stakeholders
- \*d. All of the options listed
- e. None of the options listed

General Feedback:

Learning objective 1. The specific environment includes the people and groups with whom an organisation interacts.

15. Which of the following would NOT be an important stakeholder element in the specific environment of most organisations?

- a. Competitors
- b. Regulators
- \*c. Employees
- d. Customers
- e. Suppliers

General Feedback:

Learning objective 3.1: What is the external environment of organisations? Important stakeholders common to the specific environment of most organisations include customers, suppliers, competitors, and regulators.

16. All of the following are important stakeholder elements in the task environment of most organisations EXCEPT:

- a. suppliers.
- \*b. supervisors.
- c. customers.
- d. competitors.
- e. regulators.

General Feedback:

Learning objective 3.1: What is the external environment of organisations? Important stakeholders common to the specific environment of most organisations include customers, suppliers, competitors, and regulators.

17. \_\_\_\_\_ are specific providers of the human, information and financial resources and raw materials needed by the organisation to operate.

- a. Employees
- b. Competitors
- c. Regulators
- d. Customers
- \*e. Suppliers

General Feedback:

Learning objective 3.1: What is the external environment of organisations? Suppliers are the specific providers of the human, information and financial resources and raw materials needed by the organisation to operate.

18. \_\_\_\_\_ are specific consumer or client groups, individuals and organisations that purchase the organisation's goods and/or use its services.

- a. Employees
- b. Competitors
- c. Regulators
- \*d. Customers
- e. Suppliers

General Feedback:

Learning objective 3.1: What is the external environment of organisations? Customers are the specific consumer or client groups, individuals and organisations that purchase the organisation's goods and/or use its services.

19. \_\_\_\_\_ are specific government agencies and representatives, at the local, state, and national levels, that enforce laws and regulations affecting the organisation's operations.

- a. Employees
- b. Competitors
- \*c. Regulators
- d. Customers
- e. Suppliers

General Feedback:

Learning objective 3.1: What is the external environment of organisations? Regulators - specific government agencies and representatives, at the local, state and national levels, that enforce laws and regulations affecting the organisation's operations.

20. All of the following are true statements regarding environmental uncertainty EXCEPT:

- a. there is a lack of complete information concerning what developments will occur in the external environment.
- b. the rate of change in factors in the environment is one component of environmental uncertainty.
- c. environmental uncertainty makes it difficult to understand potential implications for the organisation.
- \*d. most organisations encounter relatively little uncertainty in their environments.
- e. complexity refers to the number of different factors that exist in the environment.

General Feedback:

Learning objective 3.1: What is the external environment of organisations? Environmental uncertainty means that there is a lack of complete information regarding what developments will occur in the external environment.

21. \_\_\_\_\_ means that there is a lack of complete information regarding what developments will occur in the external environment.

- a. Environmental change
- \*b. Environmental uncertainty
- c. Environmental information
- d. Environmental complexity
- e. Environmental dynamism

General Feedback:

Learning objective 3.1: What is the external environment of organisations? Environmental uncertainty is a lack of complete information about the environment.

22. The greater the level of environmental uncertainty, the:

- a. greater the need for flexibility and adaptability in organisational designs and work practices.
- b. greater the level of environmental complexity and the rate of change in the environment.
- c. more attention that management must direct toward the external environment.
- \*d. all of the options listed.
- e. none of the options listed.

General Feedback:

Learning objective 1. In general, the greater the environmental uncertainty, the more attention that management in an organisation must direct towards the external environment. It has to be continually studied and monitored to spot emerging trends. Also, the greater the environmental uncertainty, the more need there is for flexibility and adaptability in organisational designs and work practices.



23. The internal culture of an organisation has the potential to:

- a. establish performance expectations and the motivation to fulfil them.
- b. shape attitudes and reinforce common beliefs.
- c. direct behaviour.
- \*d. all of the options listed.
- e. none of the options listed.

General Feedback:

Learning objective 3.2: What is the internal environment and organisational culture? The internal culture has the potential to shape attitudes, reinforce common beliefs, direct behaviour and establish performance expectations and the motivation to fulfil them.

24. Which of the following types of organisations are becoming more flexible in an attempt to better deal with high amounts of environmental uncertainty?

- a. Telecommunications and airline companies
- b. Businesses within those industries, which have been deregulated and must meet new competitive pressures
- c. Companies that were previously state-owned but now are privatised, and are forced to compete under open market conditions
- \*d. All of the options listed
- e. None of the options listed

General Feedback:

Learning objective 1. Throughout this book you will find many examples of how organisations are becoming more flexible in the attempt to better deal with the high degree of environmental uncertainty that so often prevails in today's dynamic times.

25. The best organisations that have strong cultures will likely do all the following EXCEPT:

- a. encourage continuous improvement.
- \*b. discourage innovation.
- c. promote teamwork.
- d. show respect for members.
- e. encourage adaptability.

General Feedback:

Learning objective 3.2: What is the internal environment and organisational culture? Strong cultures - ones that are clear and well defined and widely shared among members - discourage dysfunctional work behaviours and encourage positive ones.

26. Jimmy is new to the ZYX Organisation. He asks his supervisor why production standards are not modified to reflect market competition. His supervisor says, 'That is the way we do things around here.' The supervisor's comment is an example of:

- a. the corporate mission.
- b. the supervisor's motto.
- \*c. the organisational culture.
- d. a supervisor's principle.
- e. an outdated production manual.

General Feedback:

Learning objective2. Organisational culture is the system of shared beliefs and values that develops within an organisation and guides the behaviour of its members.

27. While walking through the offices during an interview with the marketing director, John notices the way people dress, the arrangement of their offices, and how the employees treat each other when passing in the hallways. This information about the company reflects its:

- \*a. observable culture.
- b. environmental culture.
- c. displayed culture.
- d. symbols.
- e. core culture.

General Feedback:

Learning objective2. The observable culture is visible - it is what one sees and hears when walking around an organisation as a visitor, a customer or an employee.

28. Observable culture is seen through which of the following elements of organisational life?

- a. Stories, relevance, pervasiveness and strength
- b. Symbols and rites
- c. Core culture and corporate culture
- d. Strategy, performance, structure and worker involvement
- \*e. Stories, symbols, heroes and rites and rituals

General Feedback:

Learning objective 3.2: What is the internal environment and organisational culture? The observable culture is visible - it is what one sees and hears when walking around an organisation as a visitor, a customer or an employee.

29. An investment firm is reviewing the performance of a small corporation, noting its track record in product innovation, the quality of work life of employees, and the organisation's degree of involvement

in environmental concerns. The investment firm seems to be interested in gathering information about which aspect of the company's culture?

- a. Observable culture
- b. Environmental concerns
- c. Displayed corporate culture
- d. Profits
- \*e. Core culture

General Feedback:

Learning objective 2. The core culture determines why things are the way they are. It consists of core values or underlying assumptions and beliefs that influence behaviour and actually give rise to the aspects of observable culture just described.

30. The underlying beliefs that influence the behaviour of organisation members and actually give rise to the different aspects of observable culture can be described as the:

- \*a. core values.
- b. rites of passage.
- c. behavioural guidelines.
- d. observable culture.
- e. human values.

General Feedback:

Learning objective 3.2: What is the internal environment and organisational culture? Core values are underlying beliefs shared by members of the organisation that influence their behaviour.

31. Leaders at any level of the organisation should promote core values that:

- a. are accepted by everyone involved.
- b. support key performance objectives.
- c. are known by all members of the organisation or group.
- \*d. all of the options listed
- e. none of the options listed

General Feedback:

Learning objective 3.2: What is the internal environment and organisational culture? At any level, these values should meet the test of three criteria: (1) relevance - core values should support key performance objectives; (2) pervasiveness - core values should be known by all members of the organisation or group; and (3) strength - core values should be accepted by everyone involved.

32. Highly successful companies typically emphasise which of the following core values?

- \*a. Performance excellence, innovation, social responsibility, integrity, worker involvement, customer service and teamwork.
- b. Symbols, stories and strategies.
- c. Observable behaviour, management strategy, mission statement and strategic objectives.
- d. Strategy, performance, structure and worker involvement.
- e. Stories, symbols, heroes and rites and rituals.

General Feedback:

Learning objective 3.2: What is the internal environment and organisational culture? Highly successful companies typically emphasise the values of performance excellence, innovation, social responsibility, integrity, worker involvement, customer service and teamwork.

33. Relevance, pervasiveness, and strength are the three criteria for evaluating the:

- a. goals for managerial excellence.
- \*b. core values of an organisation's culture.
- c. desired outcomes of the organisation's external environment.
- d. qualities for the organisation's strategic objectives.
- e. rules of conduct in most organisations.

General Feedback:

Learning objective 3.2: What is the internal environment and organisational culture? At any level, these values should meet the test of three criteria: (1) relevance - core values should support key performance objectives; (2) pervasiveness - core values should be known by all members of the organisation or group; and (3) strength - core values should be accepted by everyone involved.

34. Good \_\_\_\_\_ highlight the observable culture by repeatedly telling key stories and frequently using rites and rituals to glorify the performance of the organisation and its members.

- a. team leaders
- \*b. symbolic leaders
- c. chief operating officers
- d. chief executive officers
- e. managers

General Feedback:

Learning objective 3.2: What is the internal environment and organisational culture? A symbolic leader uses symbols to establish and maintain a desired organisational culture.

35. Newly hired workers at Disney World are counselled to always think of themselves as more than employees; they are key 'members of the cast'. They are told that Disney is not just any business, but an 'entertainment' business. This is an example of Disney World's use of:

- \*a. language metaphors.

- b. company goals.
- c. language barriers.
- d. disciplinary procedures.
- e. hiring policy.

General Feedback:

Learning objective 2. Language metaphors use positive examples from another context.

36. A \_\_\_\_\_ is someone who uses symbols well to establish and maintain a desired organisational culture.

- a. cultural manager
- b. communications specialist
- c. business executive
- \*d. symbolic leader
- e. organisational leader

General Feedback:

Learning objective 3.2: What is the internal environment and organisational culture? A symbolic leader uses symbols to establish and maintain a desired organisational culture.

37. Gloria assembles circuit boards in a computer manufacturing plant. She gets the chips for the boards from David, assembles the boards, and then forwards them to Judy, who puts them into the finished components. This example illustrates the concept of:

- a. efficient task assignments.
- \*b. internal customers, who use the results of others' work to do their job.
- c. integrated manufacturing processes.
- d. total quality management and shared responsibility.
- e. Deming's path to quality.

General Feedback:

Learning objective 3.3: What is a customer-driven organisation? Internal customers are found within the organisation. They are the individuals and groups who use or otherwise depend on the results of others' work in order to do their own jobs well.

38. Individuals in an organisation who depend on the results of others' work in order to do their own jobs well are called:

- a. jobbers.
- b. quality experts.
- c. dependent employees.
- \*d. internal customers.
- e. external customers.

General Feedback:

Learning objective 3.3: What is a customer-driven organisation? Internal customers are found within the organisation. They are the individuals and groups who use or otherwise depend on the results of others' work in order to do their own jobs well.

39. Which one of the following statements does NOT accurately describe a practical implication of the concept of internal customers?

- \*a. Internal customers refer only to jobs that are directly involved with the manufacture of a product.
- b. Customers have the right to expect high-quality and on-time inputs from earlier points in the workflow.
- c. Any job or function in the organisation represents an internal customer.
- d. Any job or function is both a customer and a supplier.
- e. Suppliers have the responsibility to deliver high-quality and on-time inputs to the next point in the workflow.

General Feedback:

Learning objective 3.3: What is a customer-driven organisation? Internal customers are found within the organisation. They are the individuals and groups who use or otherwise depend on the results of others' work in order to do their own jobs well.

40. Harold, a dot-com entrepreneur, made the following statement in a meeting with his key managers: 'We need to focus our attention on determining what our customers want, where they want it, and when they want it.' Based on this statement, Harold is most likely trying to build:

- a. a framework for management analysis.
- b. an information technology driven business.
- c. a flexible organisation.
- \*d. a customer-driven organisation.
- e. a rapidly growing dot-com company.

General Feedback:

Learning objective 3.3: What is a customer-driven organisation? Customers want three things in the goods and services they buy - high quality, low cost and on-time delivery.

41. \_\_\_\_\_ and \_\_\_\_\_ are two important lessons that have been learned by contemporary successful businesses.

- a. Always protect your profits; always treat your customers right
- b. Always protect your reputation for quality products/services; always treat your shareholders right
- c. Always protect your stockholders; always treat your customers right
- d. Always protect your reputation for shrewd financial management; always treat your employees right
- \*e. Always protect your reputation for quality products/services; always treat your customers right

General Feedback:

Learning objective 3.3: What is a customer-driven organisation? Two important lessons of successful businesses today are: (1) always protect your reputation for quality products - it is hard to get and easy to lose, and (2) always treat your customers right - they, too, are hard to get and easy to lose.

42. Which of the following operations objectives should be used to guide value-added efforts in developing and maintaining a customer-driven organisation?

- a. High quality, low costs and low scrap rates
- b. High quantity, low costs and high profit margins
- \*c. High quality, low costs and on-time delivery
- d. High quality, motivated employees and low inventory carrying costs
- e. High quality, minimal cycle time and efficient procedures

General Feedback:

Learning objective 3.3: What is a customer-driven organisation? Customers want three things in the goods and services they buy - high quality, low cost and on-time delivery.

43. Establishing and maintaining effective customer service can be an important source of:

- a. public relations.
- b. strategic decision-making.
- \*c. competitive advantage.
- d. sales management.
- e. strategic marketing.

General Feedback:

Learning objective 3.3: What is a customer-driven organisation? The use of CRM in pursuit of competitive advantage is rapidly evolving with the support of information technology that allows organisations to maintain intense communication with customers as well as to gather and use data regarding customers' needs and desires.

44. Since customer service can be an important source of competitive advantage, progressive managers:

- a. provide every customer with goods and services that are high in quality and low in cost.
- b. work hard to establish and maintain high standards of customer service.
- c. meet every customer's needs and require them to wait, at most, only a short time.
- \*d. all of the options listed.
- e. none of the options listed.

General Feedback:

Learning objective 3.3: What is a customer-driven organisation? Progressive managers understand this concept and work hard to establish and maintain high standards of customer service. They try to provide

every customer with goods and services that are high in quality and low in cost, meet their needs and require only short waiting times.

45. Achieving efficiency in all aspects of the \_\_\_\_\_ while ensuring the necessary flow and on-time availability of quality resources for customer-driven organisations is the fundamental goal of \_\_\_\_\_.

- a. quality chain; quality chain management
- \*b. supply chain; supply chain management
- c. customer chain; customer chain management
- d. value chain; value chain management
- e. production chain; production chain management

General Feedback:

Learning objective 3.3: What is a customer-driven organisation? The concept of supply chain management involves strategic management of all operations relating an organisation to the suppliers of its resources, including purchasing, manufacturing, transportation and distribution.

46. \_\_\_\_\_ involves strategic management of all operations relating an organisation to the suppliers of its resources.

- a. Internal customer management
- b. Customer relationship management
- c. Value chain management
- d. Total quality management
- \*e. Supply chain management

General Feedback:

Learning objective 3.3: What is a customer-driven organisation? The concept of supply chain management involves strategic management of all operations relating an organisation to the suppliers of its resources, including purchasing, manufacturing, transportation and distribution.

47. The use of \_\_\_\_\_ in the pursuit of competitive advantage is rapidly evolving with the support of information technology that allows organisations to maintain intense communication with customers as well as to gather and utilise data regarding the customers' needs and preferences.

- a. internal customer management
- b. value chain management
- \*c. customer relationship management
- d. total quality management
- e. supply chain management

General Feedback:



Learning objective 3.3: What is a customer-driven organisation? The use of CRM in pursuit of competitive advantage is rapidly evolving with the support of information technology that allows organisations to maintain intense communication with customers as well as to gather and use data regarding customers' needs and desires.

48. To receive ISO 9000 certification, companies must \_\_\_\_\_ and \_\_\_\_\_

- a. apply for membership in the International Society for Operations (ISO); receive approval from the ISO membership committee.
- b. undergo extensive managerial training; be approved by the Management Development Institute.
- c. receive governmental approval to apply for the certification exam; have at least 90% of the employees pass the certification exam.
- \*d. refine and upgrade quality in all operations; undergo a rigorous assessment by outside auditors.
- e. increase sales for three years in a row; decrease customer complaints in each year.

General Feedback:

Learning objective 3.4: What is a quality-driven organisation? To gain certification in this family of standards, they must refine and upgrade quality in all operations and then undergo a rigorous assessment by outside auditors to determine whether they meet ISO requirements.

49. Organisations that want to compete in the world marketplace as 'world-class companies' can gain a competitive advantage by having their operations meet:

- a. international Q standards.
- \*b. ISO standards.
- c. consumer protection standards.
- d. AAA standards.
- e. manufacturing supply standards.

General Feedback:

Learning objective 3.4: What is a quality-driven organisation? The ISO certification standards set by the International Organization for Standardization in Geneva, Switzerland, have been adopted by many countries of the world as quality benchmarks.

50. Philip Crosby has developed what he calls the 'four absolutes' of management for total quality control. Which of the following is NOT one of Crosby's 'four absolutes' of management?

- a. Quality comes from defect prevention, not defect correction.
- \*b. Quality comes from multiple defect inspections.
- c. Quality means conformance to standards.
- d. Quality as a performance standard must mean defect-free work.
- e. Quality saves money.

General Feedback:

Learning objective 3.4: What is a quality-driven organisation? Philip Crosby offered these 'four absolutes' of management for total quality control: (1) quality means conformance to standards; (2) quality comes from defect prevention, not defect correction; (3) quality as a performance standard must mean defect-free work; and (4) quality saves money.

51. Which of the following characteristics does NOT accurately describe the process of total quality management?

- a. Applying quality principles to all aspects of operations
- b. Committing the organisation to continuous quality improvement
- c. Making quality principles a part of the organisation's strategic objectives
- d. Striving to meet customers' needs by doing things right the first time
- \*e. Committing the organisation to the use of self-managing work teams

General Feedback:

Learning objective 3.4: What is a quality-driven organisation? Total quality management (TQM) is managing with commitment to continuous improvement, product quality and customer satisfaction.

52. W. Edwards Deming's comprehensive, rigorous, and learning-based approach to quality emphasises:

- \*a. constant innovation, use of statistical methods and a continuous commitment to up-to-date training.
- b. use of up-to-date technology to compensate for poorly trained workers.
- c. continuous commitment to maximising corporate profits.
- d. constant correction of defects and termination of employees responsible for the defects.
- e. use of statistical methods to fix blame for low quality.

General Feedback:

Learning objective 3.4: What is a quality-driven organisation? Deming's '14 points to quality' emphasise constant innovation, use of statistical methods and commitment to training in the fundamentals of quality assurance.

53. According to W. Edwards Deming, a quality problem could be attributed to which of the following causes?

- a. The cause of a quality problem may be a machine.
- b. The cause of a quality problem may be a problem with the production and operations systems itself.
- c. The cause of a quality problem may be an employee.
- \*d. All of the options listed are potential causes of quality problems.
- e. None of the options listed are potential causes of quality problems.

General Feedback:

Learning objective 3.4: What is a quality-driven organisation? Deming's '14 points to quality' emphasise constant innovation, use of statistical methods and commitment to training in the fundamentals of quality assurance.

54. The basic philosophy of \_\_\_\_\_ is that organisation members should never be satisfied with current performance.

- \*a. continuous improvement
- b. performance appraisal
- c. performance management
- d. supply chain analysis
- e. human resources management

General Feedback:

Learning objective 3.4: What is a quality-driven organisation? Continuous improvement involves always searching for new ways to improve operations quality and performance.

55. An important aspect of \_\_\_\_\_ is the belief that organisation members should find ways to serve customers' needs more quickly.

- a. performance management
- b. human resources management
- \*c. continuous improvement
- d. performance appraisal
- e. supply chain analysis

General Feedback:

Learning objective 3.4: What is a quality-driven organisation? Continuous improvement involves always searching for new ways to improve operations quality and performance.

56. Employee involvement and participation in the search for quality solutions is an important part of any:

- \*a. quality management process.
- b. modern human resource management program
- c. analysis of the organisation's environment.
- d. bureaucratic organisation.
- e. supervisor's responsibility for operational efficiency

General Feedback:

Learning objective 3.4: What is a quality-driven organisation? Employee participation is crucial for the success of a TQM program.

57. The main objective of using a(n) \_\_\_\_\_ is to have the members assume responsibility for quality and to apply everyone's full creative potential in achieving it.

- a. employee relations team
- \*b. quality circle
- c. research and design department
- d. focus group
- e. product development team

General Feedback:

Learning objective 3.4: What is a quality-driven organisation? A quality circle is a group of employees who periodically meet to discuss ways of improving work quality.

58. Cost savings from improved quality and greater customer satisfaction as well as improved worker morale and commitment are among the benefits that can be provided by a:

- \*a. quality circle.
- b. focus group.
- c. product development team.
- d. human resources department.
- e. first-line supervisor.

General Feedback:

Learning objective 3.4: What is a quality-driven organisation? Such worker empowerment can result in cost savings from improved quality and greater customer satisfaction. It can also improve morale and commitment.

59. A(n) \_\_\_\_\_ is a group of employees who meet regularly to discuss ways of improving the quality of their products or services.

- a. employee relations team
- b. focus group
- \*c. quality circle
- d. product development team
- e. research and design department

General Feedback:

Learning objective 3.4: What is a quality-driven organisation? A quality circle is a group of employees who periodically meet to discuss ways of improving work quality.

60. Which one of the following characteristics does NOT accurately describe the role that technology plays in the quality aspects of operations?

- \*a. Boutique engineering
- b. Mass customisation
- c. Lean production
- d. Flexible manufacturing

e. Agile manufacturing

General Feedback:

Learning objective 3.4: What is a quality-driven organisation? New technologies are changing the nature of manufacturing and improving both quality and efficiency of operations.

61. Information technology can be used to improve quality management in all of the following ways EXCEPT:

- a. for benchmarking to stay abreast of best practices elsewhere.
- b. to streamline efficiencies in the supply chain.
- c. to streamline efficiencies in internal operations.
- \*d. to improve relationships with governmental regulatory agencies.
- e. to improve relationships with customers.

General Feedback:

Learning objective 4.

62. \_\_\_\_\_ uses new technologies to streamline systems and allow work to be performed with fewer workers and smaller inventories.

- a. Flexible manufacturing
- b. Agile manufacturing
- c. Customised design
- d. Mass customisation
- \*e. Lean production

General Feedback:

Learning objective 3.4: What is a quality-driven organisation? Lean production uses new technologies to streamline systems and allow work to be performed with fewer workers and smaller inventories.

63. Modern production systems utilise \_\_\_\_\_ to better integrate the various aspects of manufacturing as well as to permit modifications to be made quickly and in a cost-efficient fashion.

- \*a. computer-based technology
- b. quality circles
- c. strategic management
- d. decision support systems
- e. integrative brainstorming sessions

General Feedback:

Learning objective 3.4: What is a quality-driven organisation? All such systems use computer-based technologies to better integrate the various aspects of manufacturing with customer preferences.

64. Providing individualised products quickly and with the production efficiencies once only associated with the mass production of uniform products can be accomplished by using techniques such as \_\_\_\_\_ and \_\_\_\_\_.

- \*a. agile manufacturing; mass customisation
- b. quick process design; mass distribution management
- c. lean production; individualised marketing
- d. flexible manufacturing; supply chain customisation
- e. None of the options listed answers are correct.

General Feedback:

Learning objective 3.4: What is a quality-driven organisation? Through such techniques as agile manufacturing and mass customisation, organisations are able to make individualised products quickly and with production efficiencies once only associated with the mass production of uniform products.

65. Mike's work focuses on making a difference in how things are produced and at what level of cost and quality. His job is concerned with:

- a. Crosby's 'four absolutes' of management.
- b. the Deming's '14 Points to Quality'.
- \*c. developing a 'good' product design.
- d. continuous improvement.
- e. ISO 9000 certification.

General Feedback:

Learning objective 4. A 'good' design has eye appeal to the customer and is easy to manufacture with productivity.

66. Progressive manufacturers that create a design that lowers production costs and improves quality in all stages of production are using a practice known as:

- \*a. design for manufacturing.
- b. operations engineering.
- c. design for disassembly.
- d. benchmarking.
- e. continuous improvement.

General Feedback:

Learning objective 3.4: What is a quality-driven organisation? Progressive manufacturers now emphasise design for manufacturing. This means that products are styled to lower production costs and smooth the way towards high-quality results in all aspects of the manufacturing processes.

67. Which of the following statements does NOT accurately describe an attribute or characteristic of diversity?

- \*a. Race and gender are the only diversity dimensions that are relevant to the workplace.
- b. Diversity includes everyone, including white males.
- c. Doing the right things in organisational leadership can enable the company to gain competitive advantage through diversity.
- d. Diversity is a potential source of competitive advantage.
- e. The way people are treated at work reflects the organisation's culture.

General Feedback:

Learning objective 3.5: How is diversity managed in a multicultural organisation? Diversity describes race, gender, age and other individual differences.

68. A manufacturing approach that designs products with attention to how their component parts will be used when the product life ends is called:

- a. design for engineering.
- b. product engineering.
- \*c. design for disassembly.
- d. benchmarking.
- e. continuous improvement.

General Feedback:

Learning objective 3.4: What is a quality-driven organisation? A manufacturing approach that shows respect for the natural environment is design for disassembly.

69. \_\_\_\_\_ refers to pluralism and the respect for diversity in the workplace.

- \*a. Multiculturalism
- b. A strong culture
- c. Cultural diversity
- d. Cultural management
- e. An ethical culture

General Feedback:

Learning objective 3.5: How is diversity managed in a multicultural organisation? Multiculturalism involves pluralism and respect for diversity.

70. Organisations that display characteristics such as pluralism and the absence of prejudice and discrimination are examples of:

- \*a. multicultural organisations.
- b. conflict resolution companies.

- c. technologically advanced organisations.
- d. pluralistic organisations.
- e. structurally designed organisations.

General Feedback:

Learning objective 3.5: How is diversity managed in a multicultural organisation? Multiculturalism involves pluralism and respect for diversity.

71. Denise is applying for a position with a medium-sized, but rapidly growing insurance company. She notices that there are several senior citizens and female managers of different racial backgrounds. They all seem to be very supportive of the other workers. Denise surmises that this company must be:

- \*a. a multicultural organisation
- b. a dysfunctional place to work
- c. a good organisation for women
- d. a minority-owned organisation
- e. an ethically sound organisation

General Feedback:

Learning objective 3.5: How is diversity managed in a multicultural organisation? A multicultural organisation is based on pluralism and operates with respect for diversity.

72. \_\_\_\_\_ display characteristics such as structural integration, informal network integration, and minimum intergroup conflict.

- a. Structurally designed organisations
- b. Conflict resolution companies.
- c. Pluralistic organisations
- \*d. Multicultural organisations
- e. Technologically advanced organisations

General Feedback:

Learning objective 3.5: How is diversity managed in a multicultural organisation? The model in this regard is the truly multicultural organisation with these characteristics: pluralism; structural integration; informal network integration; absence of prejudice and discrimination; and minimum intergroup conflict.

73. Which of the following statements provides an accurate description about subcultures?

- a. Ethnic subcultures reflect gaps that exist between people who grew up and are growing up during different periods of history, and whose values have thus evolved under different influences.
- b. Functional subcultures are composed of 'salaried professionals' such as lawyers, scientists, engineers and accountants.
- c. Occupational subcultures refer to people who develop strong identities with their work groups and specific areas of task responsibilities.



- \*d. Gender subcultures reflect differences in the values and beliefs of women and men.
- e. Functional subcultures consist of different ethnic and racial groups that work well together.

General Feedback:

Learning objective 3.5: How is diversity managed in a multicultural organisation? Subcultures are common to groups of people with similar values and beliefs based on shared work responsibilities and personal characteristics.

74. Which of the following is NOT a subculture that can be found in an organisation?

- a. Generational subcultures
- b. Ethnic subcultures
- c. Racial subcultures
- d. Gender subcultures
- \*e. Educational subcultures

General Feedback:

Learning objective 3.5: How is diversity managed in a multicultural organisation? Subcultures are common to groups of people with similar values and beliefs based on shared work responsibilities and personal characteristics.

75. The daily work challenges that can be faced by minority subcultures in organisations include all of the following EXCEPT:

- a. lack of sensitivity.
- b. sexual harassment.
- c. misunderstanding.
- \*d. clear advancement paths.
- e. pay discrimination.

General Feedback:

Learning objective 3.5: How is diversity managed in a multicultural organisation? The daily work challenges faced by minority cultures or populations in organisations can range from having to deal with misunderstandings and lack of sensitivity on the one hand to suffering harassment and discrimination, active or subtle, on the other.

76. One of the following statements does NOT correctly describe the challenges faced by minorities. Which statement is the incorrect statement?

- a. Minority members face special economic and work challenges, and these challenges are not always highly visible.
- \*b. In Australia and New Zealand, disabled workers have benefited as much as other groups have from the economic growth of the 1990s.
- c. Differences are often distributed unequally across organisational levels or among work functions.

- d. Even though organisations are changing, most senior executives in large organisations are older, white and male.
- e. More workforce diversity is likely to exist at lower and middle levels of most organisations than at the top.

General Feedback:

Learning objective 3.5: How is diversity managed in a multicultural organisation? Consider disability discrimination. This type of discrimination occurs when a person is treated unfairly or badly compared with others because they have an impairment or disability.

77. In addressing diversity issues, organisational leaders should realise that \_\_\_\_\_ want respect for their talents and a work setting that allows them to achieve their full potential.

- \*a. minority workers
- b. artists
- c. musicians
- d. all of the options listed
- e. none of the options listed

General Feedback:

Learning objective 3.5: How is diversity managed in a multicultural organisation? There is no doubt today what minority-group workers want. They want the same thing everyone wants. They want respect for their talents and a work setting that allows them to achieve their full potential.

78. The \_\_\_\_\_ is a hidden barrier that limits the advancement of minorities in some organisations.

- a. diversity restraint
- b. supply chain
- c. minority promotion policy
- d. affirmative action procedure
- \*e. glass ceiling

General Feedback:

Learning objective 3.5: How is diversity managed in a multicultural organisation? Glass ceilings limit advancement of women and minority groups.

79. \_\_\_\_\_ is a leadership approach to diversity in which leadership commits the organisation to hiring and advancing minority groups and women.

- a. Subcultural management
- b. Human resource management
- \*c. Affirmative action
- d. Valuing diversity
- e. Managing diversity

General Feedback:

Learning objective 3.5: How is diversity managed in a multicultural organisation? Affirmative action commits the organisation to hiring and advancing minority groups and women.

80. As the newly appointed manager of one of the major divisions of a large company, Barbara stated that one of her objectives was to create a workplace environment that allows all kinds of people to reach their full potential in the pursuit of the division's objectives. Barbara's statement indicates that she is committed to:

- a. managing the natural environment.
- \*b. managing diversity.
- c. impressing the company's top executives.
- d. management by objectives.
- e. human resource management.

General Feedback:

Learning objective 3.5: How is diversity managed in a multicultural organisation? Managing diversity is building an inclusive work environment that allows everyone to reach their full potential.

81. \_\_\_\_\_ is a leadership approach to diversity in which leadership commits to changing the organisational culture to empower and include all people.

- a. Organisation development
- b. Valuing diversity
- c. Cultural change management
- d. Affirmative action
- \*e. Managing diversity

General Feedback:

Learning objective 3.5: How is diversity managed in a multicultural organisation? Managing diversity is when leadership commits to changing the organisational culture to empower and include all people.

82. \_\_\_\_\_ is a leadership approach to diversity in which leadership commits the organisation to education and training program designed to help people better understand and respect individual differences.

- a. Human resource training
- \*b. Valuing diversity
- c. Managing diversity
- d. Affirmative action
- e. Personality education

General Feedback:

Learning objective 3.5: How is diversity managed in a multicultural organisation? Valuing diversity is when leadership commits the organisation to education and training programs designed to help people better understand and respect individual differences.

83. Which of the following statements about a diverse workforce is NOT true?

- \*a. A diverse workforce presents little management challenge in addressing various human resources issues.
- b. A diverse workforce is best aligned with the needs and expectations of a diverse customer base.
- c. A diverse workforce offers a rich pool of talents, ideas and viewpoints that are useful for solving the complex problems of highly competitive and often-uncertain environments.
- d. A diverse workforce makes good business sense in all contexts of organisational action.
- e. A diverse workforce helps an organisation to better understand and serve the needs of the global marketplace.

General Feedback:

Learning objective 3.5: How is diversity managed in a multicultural organisation? A diverse workforce offers a rich pool of talents, ideas and viewpoints useful for solving the complex problems of highly competitive and often uncertain environments.

84. In contemporary business, the concept of inclusiveness involves all of the following elements EXCEPT:

- a. valuing the talents of persons of various religious, cultural and national backgrounds, and persons who are not heterosexual.
- b. drawing on diversity to better align organisations with the challenges and opportunities of the modern environment.
- \*c. ensuring that all stakeholders receive their fair share of the 'corporate pie'.
- d. valuing diversity and building multicultural organisations that include everyone.
- e. realising that the human talent pool includes older workers, persons with disabilities, and women.

General Feedback:

Learning objective 3.5: How is diversity managed in a multicultural organisation? Perhaps the most important word in human resource management today is 'inclusiveness'. By valuing diversity and building multicultural organisations that include everyone, we can strengthen organisations and bring them into better alignment with the challenges and opportunities of today's environment.

85. Which of the following statements does NOT accurately describe a characteristic of effective diversity leadership?

- a. It promotes inclusive cultures that allow all the organisation's human resources to be utilised to their fullest potential.
- b. It enables all organisational members to feel good about their membership and performance contributions.

- c. It enables managers and people working at all levels of responsibility to benefit from a strong culture based on participation, involvement and empowerment.
- \*d. It promotes a culture that highly values the talents, ideas and creative potential of the majority members.
- e. It respects diversity by being fully responsive to personal needs and non-work pressures faced by diverse members.

General Feedback:

Learning objective 3.5: How is diversity managed in a multicultural organisation? As an organisation, it means committing leadership to making fundamental changes in the organisational culture and its guiding mission and practices. Managers and people working at all levels of responsibility must benefit from a strong organisational culture based on true participation, involvement and empowerment.

86. A diversity-mature individual is someone who can positively and honestly answer which of the following questions?

- a. Are you willing to learn continuously?
- b. Are you able to cope with complexity and tensions in addressing diversity?
- c. Are you willing to challenge the way things are?
- \*d. All of the options listed.
- e. None of the options listed.

General Feedback:

Learning objective 3.5: How is diversity managed in a multicultural organisation? See Manager's notepad 3.3.

87. A diversity-mature individual is someone who can positively and honestly answer all of the following questions EXCEPT:

- a. 'Do you accept personal responsibility for improving your performance?'
- b. 'Do you understand yourself and your organisation?'
- c. 'Do you understand important diversity concepts?'
- d. 'Do you accept personal responsibility for improving your organisation's performance?'
- \*e. 'Do you allocate resources on the basis of personal friendship?'

General Feedback:

Learning objective 3.5: How is diversity managed in a multicultural organisation? See Manager's notepad 3.3.

### **Short Answer Questions**

88. Explain why quality is important in operating a business.

Correct Answer:

The competitive demands of a global economy are an important force in this race towards total quality operations. Organisations that want to compete in the world marketplace as 'world-class companies' can gain a competitive advantage by having their operations meet ISO standards. Organisations need to pursue continuous improvement by always searching for new ways to improve the quality and performance in its operations. Many organisations make use of quality circles as a way of improving work quality through periodical employee group meetings and discussions. Students could illustrate with examples how organisations have achieved competitive advantage through quality focus.

89. Describe the elements of the general environment and provide an example of each element. Describe the elements of the specific environment and provide an example of each element.

Correct Answer:

The general environment is comprised of: sociocultural (general state of prevailing social values on such matters such as human rights); economic (general state of the economy in terms of inflation, income levels, gross domestic product, unemployment); legal-political (general state of the prevailing philosophy and objectives of the political party or parties running the government, as well as laws and government regulations); technology (general state of the development and availability of technology including scientific advancements); and natural environment conditions (general state of nature and conditions of the natural environment, including levels of public concern expressed through environmentalism).

Specific environment includes people and groups with whom an organisation interacts (customers, suppliers, competitors, regulators).

90. Explain how organisational subcultures and diversity are linked.

Correct Answer:

Subcultures are common to groups of people with similar values and beliefs based on shared work responsibilities and personal characteristics. Some of these sub-cultures are; occupational sub-cultures (lawyers, scientists), functional sub-cultures (marketing people, finance people), generational sub-cultures (baby boomers, generation X). Diversity means the presence of differences. When one subculture is in majority, others become minorities in respect to representation within the organisation. For example, most senior management tend to be older, white males. There tends to be more diversity within the middle and lower levels of the organisation. Students should illustrate with examples how subcultures and diversity are linked.

91. What is organisational culture and why is it important?

Correct Answer:

Organisational culture is the system of shared beliefs and values that develops within an organisation and guides the behaviour of its members. Strong organisational cultures help to provide a clear vision of what the organisation is attempting to accomplish, allowing individuals to rally around the vision and work hard to support and accomplish it. Strong cultures discourage dysfunctional work behaviour and encourage positive ones. They commit members to do things for and with one another that are in the best interest of the organisation.

92. Explain how diversity can benefit an organisation.

Correct Answer:

A diverse workforce offers a rich pool of talents, ideas and viewpoints useful for solving the complex problems of highly competitive and often uncertain environments. Diversity can be a major asset when well managed. Students should take examples of situations and organisations to illustrate the benefits.