

1. Which of the following lists names three types of strategies companies might employ to distinguish themselves from their competition?
  - a. Differentiation, cost leadership, focus
  - b. Product modeling, benchmarking, contingency planning
  - c. Product modeling, focus, benchmarking
  - d. Differentiation, cost leadership, contingency planning
  - e. Product modeling, focus, differentiation
2. Through which of the following did Adam Smith argue productivity could be improved?
  - a. Chain of command
  - b. Use of organizational charts
  - c. Specialization
  - d. Assessing performance
  - e. Motivating employees
3. Which of the following terms refers to the number of subordinates reporting to one manager?
  - a. Staff
  - b. Flat structure
  - c. Functional structure
  - d. Span of management
  - e. Line employees
4. Which of the following is NOT a contingency for organizing?
  - f. Size
  - g. Strategy
  - h. Technology
  - i. Environment
  - j. Leadership
5. Which of the following represents the general benchmark for HR (Human Resource) efficiency?
  - k. 10:1 (1 HR staff member for every 10 employees)
  - l. 100:1 (1 HR staff member for every 100 employees)
  - m. 1000:1 (1 HR staff member for every 1000 employees)
  - n. 10,000:1 (1 HR staff member for every 10,000 employees)
  - o. 100,000:1 (1 HR staff member for every 100,000 employees)

6. Which of the following pieces of legislation guarantees equal pay for men and women doing equal work?
- p. Fair Labor Standards Act of 1938
  - q. Equal Pay Act of 1963
  - r. Civil Rights Act of 1964
  - s. Occupational Safety and Health Act of 1970
  - t. Pregnancy Discrimination Act of 1978
7. Which of the following is NOT an example of a responsibility center?
- u. Expense Center
  - v. Revenue Center
  - w. Profit Center
  - x. Loss Center
  - y. Investment Center
8. Which of the following is the name for the just-in-time inventory management system developed by Toyota?
- z. JIT
  - aa. Kanban
  - bb. IMS
  - cc. EOQ
  - dd. Supply chain management
9. Which of the following theories of motivation is based on the premise that inequity is motivating?
- ee. Expectancy theory
  - ff. Acquired Need theory
  - gg. Reinforcement theory
  - hh. Goal-setting theory
  - ii. Equity theory
10. Which of the following is the correct order of stages through which all groups typically go?
- jj. Form, norm, storm, perform, adjourn
  - kk. Form, storm, perform, norm, adjourn
  - ll. Form, norm, perform, storm, adjourn
  - mm. Form, storm, norm, perform, adjourn
  - nn. Form, norm, storm, adjourn, perform

# Answers

1. (A) Michael Porter suggested that companies use three strategies to distinguish themselves from their competition. These strategies are: differentiation (finding a way to be different), cost-leadership (offering lowest prices), and focus (identifying a unique customer base).
2. (C) In his famous book *The Wealth of Nations*, Adam Smith argues that productivity can be increased by division of labor and specialization.
3. (D) The term span of management refers to the number of staff who report to one manager.
4. (E) A contingency approach is built around the idea that the context in which an organization operates affects the effectiveness of the organization's form. The four contingencies that research shows affect organizational structure are size, strategy, technology, and environment.
5. (B) The ideal HR productivity level is generally set at one HR staff member for every 100 employees.
6. (B) The Equal Pay Act of 1963 sought to eliminate wage disparities based on gender and guarantees equal pay for men and women doing equal work.
7. (D) Organizations are usually divided into centers responsible for meeting budget requirements. An expense center requires a department to stay within expense constraints, a revenue center requires a department to generate a preset amount of revenue, a profit center looks at revenue minus expense, and an investment center is a profit center with an additional budget for "big ticket" items.
8. (B) Toyota developed the kanban system to deal with the issue of defective parts. Under the kanban system, a limited number of parts are kept on hand at any one time so that if there are problems with parts, they are found before too many complete products are assembled.
9. (E) The equity theory posits that employees assess their situations relative to that of their co-workers. It further asserts that if an employee finds an inequity, such as a coworker receiving a raise, the employee will be motivated to resolve that inequity in some way, e.g., by talking to his/her supervisor or finding a different job.
10. (D) Groups typically go through the following stages in this order: form, storm (conflict among group members), norm (resolution of conflict), perform (task accomplishment), adjourn.