

organizational Theory, Design, and Change, 7e (Jones)
Chapter 6 Designing Organizational Structure: Specialization and Coordination

1) As an organization with a functional structure grows, the cost of each function's contribution to the development of each product becomes increasingly simple to measure.

Answer: FALSE

Page Ref: 151

Difficulty: Easy

LO: 6-1

1

2

2) Servicing the needs of new kinds of customer groups and tailoring products to suit them are relatively simple in a functional structure.

Answer: FALSE

Page Ref: 151

Difficulty: Easy

LO: 6-1

3) The higher the level of differentiation, the more complex the integrating mechanisms that managers need to use to control organizational activities.

Answer: TRUE

Page Ref: 153

Difficulty: Easy

LO: 6-1

4) The goal behind the change to a divisional structure is to create smaller, more manageable subunits within an organization.

Answer: TRUE

Page Ref: 154

Difficulty: Easy

LO: 6-2

5) As an organization increases the kinds of goods it manufactures or the services it provides, a functional structure becomes more effective at coordinating task activities.

Answer: FALSE

Page Ref: 154

Difficulty: Easy

LO: 6-2

6) A functional structure has greater vertical and horizontal differentiation than a divisional structure and employs more complex integrating mechanisms.

Answer: FALSE

Page Ref: 154

Difficulty: Moderate

LO: 6-2

7) Employee roles are clearly defined in a matrix structure.

Answer: FALSE

Page Ref: 166

Difficulty: Easy

LO: 6-3

8) A network structure increases the cost of production.

Answer: FALSE

Page Ref: 171

Difficulty: Easy

LO: 6-4

9) Which of the following organizational structures is the foundation of horizontal differentiation?

- A) functional structure
- B) product structure
- C) matrix structure
- D) divisional structure

Answer: A

Page Ref: 148

Difficulty: Easy

LO: 6-1

10) Which of the following statements is true regarding a functional structure?

- A) In a functional structure, it becomes easier for employees to supervise one another and control one another's behavior.
- B) In the case of a functional structure, people are grouped together according to the specific demands of products, markets, or customers.
- C) The use of the functional structure increases an organization's ability to quickly respond to the changing environment.
- D) The functional structure can be used only in the decentralized organizations.

Answer: A

Page Ref: 150

Difficulty: Moderate

LO: 6-1

11) As an organization that uses a functional structure grows, _____.

- A) the extent of division of labor decreases
- B) the process of communication simplifies
- C) the cost of each function's contribution to the development of each product becomes increasingly difficult to measure
- D) the vertical differentiation within the organization decreases

Answer: C

Page Ref: 151

Difficulty: Moderate

LO: 6-1

12) Which of the following situations causes communication problems within an organization that uses functional structure?

- A) the organization uses the system of management by objectives
- B) the organization operates in a stable environment

- C) the organization operates in a rich environment
- D) the organization develops more functions that are increasingly distant from one another

Answer: D

Page Ref: 151

Difficulty: Moderate

LO: 6-1

13) Which of the following ways can be used by a manager to increase vertical differentiation?

- A) increase the number of levels in the hierarchy
- B) increase the richness of the environment
- C) diversify the business
- D) manufacture products at several different locations

Answer: A

Page Ref: 153

Difficulty: Moderate

LO: 6-1

14) A(n) _____ structure has functions grouped together according to the specific demands of products, markets, or customers.

- A) divisional
- B) concurrent
- C) functional
- D) differentiated

Answer: A

Page Ref: 154

Difficulty: Easy

LO: 6-2

15) A food manufacturer is experiencing coordination problems between its frozen food division and its canned food division. The main control problem is that each product requires an entirely separate system for ordering supplies, packaging the product, and storing the product upon completion. Which structure would help solve these coordination problems?

- A) product division structure
- B) market structure
- C) multidivisional structure
- D) geographic divisional structure

Answer: A

Page Ref: 154

Difficulty: Easy

LO: 6-2

16) Which of the following statements is true regarding a divisional structure?

- A) The goal behind the change to a divisional structure from a functional structure is to create larger subunits within an organization.

B) As compared to functional structure, divisional structure has lower levels of vertical differentiation.

C) A divisional structure employs more complex integrating mechanisms than a functional structure.

D) As compared to functional structure, divisional structure has lower levels of horizontal differentiation.

Answer: C

Page Ref: 154

Difficulty: Moderate

LO: 6-2

17) In a _____ structure, role and authority relationships are deliberately left vague because the underlying assumption of this structure is that when team members are given more responsibility than they have formal authority, they are forced to cooperate to get the job done.

A) functional

B) bureaucratic

C) matrix

D) product divisional

Answer: C

Page Ref: 166

Difficulty: Easy

LO: 6-3

18) Which of the following is a difference between the product team and the matrix structures?

A) Employees have two bosses in a product team structure and only one boss in a matrix structure.

B) A product team structure uses teams to coordinate activities but a matrix structure does not use teams.

C) Employees move between teams in a matrix structure but not in a product team structure.

D) A matrix structure has a taller hierarchy than a product team structure.

Answer: C

Page Ref: 167

Difficulty: Moderate

LO: 6-3

19) A matrix structure involves _____ vertical control from the formal hierarchy and _____

horizontal control from the use of integrating mechanisms.

A) minimal; minimal

B) minimal; maximal

C) maximal; maximal

D) maximal; minimal

Answer: B

Page Ref: 167

Difficulty: Easy

LO: 6-3

20) Which of the following is an **advantage** of a **matrix structure**?

- A) increased organizational flexibility
- B) clearly defined hierarchy of authority
- C) lack of role ambiguity and role conflict
- D) lack of movement of employees from team to team

Answer: A

Page Ref: 167

Difficulty: Moderate

LO: 6-3

21) Nike's **product design and research function** are located in Oregon and **all the other production functions are outsourced** to companies around the world. Nike uses a

structure.

- A) geographic divisional
- B) network
- C) functional
- D) product team

Answer: B

Page Ref: 171

Difficulty: Easy

LO: 6-4

22) Which of the following statements is **true** regarding a **network organization**?

- A) A network structure is characterized by high production costs.
- B) The organizations that use network structures have the tallest hierarchies.
- C) An organization using a network structure experiences high bureaucratic costs.
- D) A network structure allows an organization to act in an organic way.

Answer: D

Page Ref: 172

Difficulty: Moderate

LO: 6-4

23) What are the **advantages** of a **functional structure**?

Answer: A functional structure is a design that groups people into separate functions or departments because they share common skills and expertise because they make use of the same resources.

The advantages of a functional structure are:

1. It provides **people** with the **opportunity to learn from one another** and become more specialized and productive.
2. People who are grouped together by common skills **can supervise one another** and control one another's behavior.

3. People in a function who work closely with one another over extended time periods develop norms and values that allow them to become more effective at what they do.

Page Ref: 149,150

Difficulty: Easy

LO: 6-1