



Test Bank for Management Global Edition by Robbins 15th Edition Chapter 03

Management and Organization (จุฬาลงกรณ์มหาวิทยาลัย)

Management, 15e (Robbins/Coulter)

Chapter 3 Managing the External Environment and the Organization's Culture

1) The board of Corporation XYZ recently fired the CEO because the firm's sales growth declined during his tenure. Corporations XYZ's board believes in the _____ view of management.

- A) prescient
- B) omnipotent
- C) symbolic
- D) systemic

Answer: B

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 3.1: Contrast the actions of managers according to the omnipotent and symbolic views.

Classification: Concept

2) The downfall of the furniture industry due to the subprime mortgage crisis and subsequent job loss of a number of managers in that industry would lend credence to the _____ view of management.

- A) prescient
- B) omnipotent
- C) symbolic
- D) systemic

Answer: C

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 3.1: Contrast the actions of managers according to the omnipotent and symbolic views.

Classification: Concept

3) If Jim believes his primary role as a manager is to create meaning out of ambiguity, he believes in the _____ role of management.

- A) prescient
- B) omnipotent
- C) systemic
- D) symbolic

Answer: D

Diff: 1

AACSB: Application of knowledge

Learning Obj: LO 3.1: Contrast the actions of managers according to the omnipotent and symbolic views.

Classification: Concept

4) Jill received a large executive stock option package when she accepted a new position as the chief executive officer of a struggling retail chain. Jill probably believes in the _____ role of management.

- A) omnipotent
- B) omnipresent
- C) systemic
- D) symbolic

Answer: A

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 3.1: Contrast the actions of managers according to the omnipotent and symbolic views.

Classification: Concept

5) Carlos has several good ideas about how to increase his firm's profits. However, they all involve committing resources that are currently not available. His problem highlights the fact that all managers face _____.

- A) environmental decay
- B) symbolism
- C) internal constraints
- D) performance optimism

Answer: C

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 3.1: Contrast the actions of managers according to the omnipotent and symbolic views.

Classification: Concept

6) Managers can be limited in their ability to influence the firm because of the _____.

- A) organizational environment and organizational culture
- B) organizational environment and symbolism
- C) stakeholders' views on ethics
- D) past management mistakes that still affect the firm

Answer: A

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 3.1: Contrast the actions of managers according to the omnipotent and symbolic views.

Classification: Concept

7) Ruben wants to find a new job where performance metrics determine his raise for the coming year. Ruben believes in the _____ view of management.

- A) omnipotent
- B) omnipresent
- C) systemic
- D) symbolic

Answer: A

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 3.1: Contrast the actions of managers according to the omnipotent and symbolic views.

Classification: Concept

8) Lakeeta knows her performance review will be both good and bad. She made several organizational changes that saved the firm money but the firm still had a down quarter due to the anemic economy. Consumers just quit spending money. Which of these statements is the most accurate?

- A) Lakeeta's job suggests that both the omnipotent and the symbolic roles of management exist.
- B) Lakeeta's position is largely symbolic since she cannot influence the outcomes.
- C) Lakeeta may lose her job due to the lower sales this past quarter if her boss believes in the symbolic view of management.
- D) Lakeeta obviously has no ability to influence outcomes so she believes in the omnipotent view of management.

Answer: A

Diff: 3

AACSB: Reflective thinking; Analytical thinking

Learning Obj: LO 3.1: Contrast the actions of managers according to the omnipotent and symbolic views.

Classification: Concept

9) Which of these perspectives is the dominant view of management in today's society?

- A) Managers are mostly ineffective.
- B) Managers are symbolic.
- C) Managers are omnipotent.
- D) Managers are overpaid.

Answer: C

Diff: 1

AACSB: Application of knowledge

Learning Obj: LO 3.1: Contrast the actions of managers according to the omnipotent and symbolic views.

Classification: Concept

10) When a manager holds someone accountable for their division's performance, it suggests they believe in the _____ view of management.

- A) omnipotent
- B) omnipresent
- C) systemic
- D) symbolic

Answer: A

Diff: 2

AACSB: Application of knowledge

Learning Obj: LO 3.1: Contrast the actions of managers according to the omnipotent and symbolic views.

Classification: Concept

11) DeMarcus feels like he will become the scapegoat for the firm's poor performance since he made several changes in the firm's production process. He expects to be fired later today when he meets with his boss. DeMarcus probably believes in the _____ view of management.

- A) top down
- B) systemic
- C) symbolic
- D) omnipotent

Answer: D

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 3.1: Contrast the actions of managers according to the omnipotent and symbolic views.

Classification: Concept

12) The Arkansas Razorback football organization just fired their head coach for having only two wins in the past 10 games. The athletic director believes in the _____ role of management.

- A) omnipotent
- B) systemic
- C) symbolic
- D) organic

Answer: A

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 3.1: Contrast the actions of managers according to the omnipotent and symbolic views.

Classification: Concept

13) In reality, most managers have some control over performance but also _____.

- A) operate within constraints
- B) consistently make poor decisions
- C) control their environment
- D) remain mostly powerless

Answer: A

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 3.1: Contrast the actions of managers according to the omnipotent and symbolic views.

Classification: Concept

14) If a manager believes her role is to create meaning out of random events and confusing situations she probably believes in the _____ role of management.

- A) omnipotent
- B) systemic
- C) symbolic
- D) organic

Answer: C

Diff: 1

AACSB: Application of knowledge

Learning Obj: LO 3.1: Contrast the actions of managers according to the omnipotent and symbolic views.

Classification: Concept

15) Which one of the following represents the two views of managerial impact on the success or failure of the organization?

- A) Omnipotent and symbolic
- B) Omnipotent and reflective
- C) Symbolic and interactive
- D) Reflective and interactive

Answer: A

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 3.1: Contrast the actions of managers according to the omnipotent and symbolic views.

Classification: Concept

16) The dominant view in management theory suggests that _____.

- A) an organization's success or failure is due to external forces outside managers' control
- B) managers' roles are increasingly becoming peripheral and staff manage their own areas of expertise
- C) managers are directly responsible for an organization's success or failure
- D) managers cannot significantly affect an organization's performance because they are constrained by the abilities of their employees

Answer: C

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 3.1: Contrast the actions of managers according to the omnipotent and symbolic views.

Classification: Concept

17) Wendell notices that the company's top executives share a belief that managers are directly responsible for the organization's success or failure. This belief reflects a(n) _____ view of management.

- A) traditional
- B) omnipotent
- C) omniscient
- D) symbolic

Answer: B

Diff: 2

AACSB: Application of knowledge

Learning Obj: LO 3.1: Contrast the actions of managers according to the omnipotent and symbolic views.

Classification: Application

18) Wendell interviews many middle-level managers and discovers that these individuals believe that external factors constrain managers' influence over outcomes. The mid-level managers have a(n) _____ view of management.

- A) traditional
- B) omnipotent
- C) omniscient
- D) symbolic

Answer: D

Diff: 2

AACSB: Application of knowledge

Learning Obj: LO 3.1: Contrast the actions of managers according to the omnipotent and symbolic views.

Classification: Application

19) Calvin's goals for the coming year include specific targets for increasing market share and quantity of units shipped. If he succeeds, he will be handsomely rewarded. If he fails, he is likely to be replaced. Judging from this, it would appear that Calvin's employer subscribes to the _____ view of management.

- A) symbolic
- B) omnipotent
- C) impotent
- D) omniscient

Answer: B

Diff: 2

AACSB: Application of knowledge

Learning Obj: LO 3.1: Contrast the actions of managers according to the omnipotent and symbolic views.

Classification: Application

20) The _____ view of management is consistent with the stereotypical picture of the take-charge business executive who can overcome any obstacle in carrying out the organization's objectives.

- A) omnipotent
- B) impotent
- C) omniscient
- D) symbolic

Answer: A

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 3.1: Contrast the actions of managers according to the omnipotent and symbolic views.

Classification: Concept

21) The soccer league in England is notorious for the number of team managers fired over the course of a single season, which stands at no fewer than eight managers on average, owing to poor team form and consequently, poor results. It is evident from this information that the league endorses a(n) _____ view of management.

- A) symbolic
- B) omnipotent
- C) impotent
- D) omniscient

Answer: B

Diff: 2

AACSB: Analytical thinking; Application of knowledge

Learning Obj: LO 3.1: Contrast the actions of managers according to the omnipotent and symbolic views.

Classification: Application

- 22) Which of the following most accurately reflects the symbolic view of management?
- A) Managers are directly responsible for an organization's success or failure.
 - B) Managers have to ensure that every obstacle is overcome on the way to achieving the organization's goals.
 - C) External forces are responsible for an organization's success or failure.
 - D) Employees are directly responsible for an organization's success or failure.

Answer: C

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 3.1: Contrast the actions of managers according to the omnipotent and symbolic views.

Classification: Concept

23) Elmo Research & Development has been going through a rough patch lately. Turnover has been high and employee morale is at an all-time low. Though employees and competitors hold management responsible for the decline, the CEO does not let the managers go or change the management style. Which of the following could explain this attitude?

- A) The CEO holds the omnipotent view of management, which asserts that external factors have a significant effect on performance outcomes.
- B) Because the organization has a "take-charge" management style, the employees are responsible for organizational policies.
- C) The CEO is unresponsive to the criticisms from stakeholders.
- D) The CEO holds the view that managers have only a limited role in organization success or failure.

Answer: D

Diff: 2

AACSB: Analytical thinking; Application of knowledge

Learning Obj: LO 3.1: Contrast the actions of managers according to the omnipotent and symbolic views.

Classification: Application

24) The symbolic view of management is based upon the belief that managers symbolize

- _____.
- A) control and influence by developing plans and making decisions
 - B) every aspect of an organization's performance, from the top level to the operational level
 - C) the fluctuating fortunes of the organization as they alternate between profits and losses
 - D) the take-charge executive who overcomes any obstacle to see that the organization achieves its goals

Answer: A

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 3.1: Contrast the actions of managers according to the omnipotent and symbolic views.

Classification: Concept

25) According to the symbolic view, managers have a(n) _____ effect on substantive organizational outcomes.

- A) limited
- B) extensive
- C) influential
- D) subtle

Answer: A

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 3.1: Contrast the actions of managers according to the omnipotent and symbolic views.

Classification: Concept

26) Internal constraints that influence managers' decisions and actions come from the _____.

- A) attitudes of customers
- B) culture of the organization
- C) prevailing political conditions
- D) fluctuations in the stock market

Answer: B

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 3.1: Contrast the actions of managers according to the omnipotent and symbolic views.

Classification: Concept

27) Most managers have limited ability to influence outcomes.

Answer: FALSE

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 3.1: Contrast the actions of managers according to the omnipotent and symbolic views.

Classification: Concept

28) Performance-based pay systems suggest the firm believes in the symbolic view of management.

Answer: FALSE

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 3.1: Contrast the actions of managers according to the omnipotent and symbolic views.

Classification: Concept

29) A manager that holds his employees accountable for sales growth probably believes in the omnipotent view of management.

Answer: TRUE

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 3.1: Contrast the actions of managers according to the omnipotent and symbolic views.

Classification: Concept

30) In the real world, managers can influence outcomes but they operate within constraints.

Answer: TRUE

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 3.1: Contrast the actions of managers according to the omnipotent and symbolic views.

Classification: Concept

31) Cassy has been tasked with increasing her division's productivity. This suggests her boss believes in the omnipotent view of management.

Answer: TRUE

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 3.1: Contrast the actions of managers according to the omnipotent and symbolic views.

Classification: Concept

32) The view of managers as omnipotent is consistent with the stereotypical picture of the take-charge business executive who can overcome any obstacle in carrying out the organization's objectives.

Answer: TRUE

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 3.1: Contrast the actions of managers according to the omnipotent and symbolic views.

Classification: Concept

33) In the symbolic view of management, managers are seen as directly responsible for an organization's success or failure.

Answer: FALSE

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 3.1: Contrast the actions of managers according to the omnipotent and symbolic views.

Classification: Concept

34) The symbolic view of management impact is useful in explaining the high turnover among sports coaches, who can be considered the "managers" of their teams.

Answer: FALSE

Diff: 1

AACSB: Analytical thinking

Learning Obj: LO 3.1: Contrast the actions of managers according to the omnipotent and symbolic views.

Classification: Analytical

35) In a short essay, differentiate between the symbolic view and the omnipotent view of management. Include specific examples of each view to support your answer.

Answer:

a. In the omnipotent view, differences in an organization's performance are assumed to be due to decisions and actions of its managers. Good managers anticipate change, exploit opportunities, correct poor performance, and lead their organizations. When things go well and profits are up, managers take the credit and are rewarded—even if they had little to do with achieving the positive outcomes. When profits are down, top managers are often fired in the belief that "new blood" will bring improved results. Coaches are often released following a poor season as they are considered the "managers" of their teams.

b. The symbolic view holds that a manager's ability to affect performance outcomes is influenced and constrained by external factors. According to this view, it's unreasonable to expect managers to significantly affect an organization's performance. Instead, performance is influenced by factors over which managers have little control such as the economy, customers, governmental policies, competitors' actions, industry conditions, and decisions made by previous managers. This view is labeled "symbolic" because it's based on the belief that managers symbolize control and influence by developing plans, making decisions, and engaging in other managerial activities to make sense out of random, confusing, and ambiguous situations. However, the actual part that managers play in organizational success or failure is limited.

In the 1990s Cisco Systems was the picture of success. Growing rapidly, it was widely praised by analysts for its "brilliant strategy, masterful management of acquisitions and superb customer focus." As Cisco's performance declined during the early part of the 21st century, analysts said that its strategy was flawed, its acquisition approach was haphazard, and its customer service was poor. The symbolic view would suggest that declining performance was due to the external circumstances beyond the control of the managers.

Diff: 3

AACSB: Reflective thinking; Written and oral communication

Learning Obj: LO 3.1: Contrast the actions of managers according to the omnipotent and symbolic views.

Classification: Concept; Application

36) If mortgage interest rates increase, this would be an example of changing _____ conditions in a firm's external environment.

- A) economic
- B) political
- C) sociocultural
- D) financial

Answer: A

Diff: 2

AACSB: Application of knowledge

Learning Obj: LO 3.2: Describe the constraints and challenges facing managers in today's external environment.

Classification: Application

37) Which of the following factors is an economic component of an organization's external environment?

- A) The employees of the organization have, on average, 2.3 children.
- B) The average customer of a firm has a high school education.
- C) The firm's customers' disposable income falls in the range of \$25,000-\$40,000.
- D) Most of the firm's customers live in the Midwest.

Answer: C

Diff: 2

AACSB: Analytical thinking; Application of knowledge

Learning Obj: LO 3.2: Describe the constraints and challenges facing managers in today's external environment.

Classification: Application

38) The _____ component of an organization's external environment is concerned with trends in population characteristics such as age, race, gender, education level, geographic location, income, and family composition.

- A) economic
- B) political
- C) demographic
- D) sociocultural

Answer: C

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 3.2: Describe the constraints and challenges facing managers in today's external environment.

Classification: Concept

39) Which of the following factors is a demographic component of an organization's external environment?

- A) Lifestyles and behavior
- B) Political stability
- C) Geographic location
- D) Stock market fluctuations

Answer: C

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 3.2: Describe the constraints and challenges facing managers in today's external environment.

Classification: Concept

40) Gerber makes and sells baby products. A shift in the birth rate would represent a change in the _____ component of this firm's external environment.

- A) psychographic
- B) demographic
- C) political
- D) cultural

Answer: B

Diff: 2

AACSB: Application of knowledge

Learning Obj: LO 3.2: Describe the constraints and challenges facing managers in today's external environment.

Classification: Application

41) Assume the global economy rebounds rapidly from the Great Recession. What constraint is this likely to have on decisions managers make?

- A) The number of qualified candidates available for hire will become smaller.
- B) Managers will be asked to eliminate positions to cut labor costs.
- C) The hourly compensation average will have to fall; managers will be asked to offer less to job candidates.
- D) Positions will be easier to fill as college graduates settle for lower paying jobs.

Answer: A

Diff: 2

AACSB: Analytical thinking; Application of knowledge

Learning Obj: LO 3.2: Describe the constraints and challenges facing managers in today's external environment.

Classification: Analytical

42) The Metropolis News has experienced a decline in the number of subscriptions to its printed newspaper over the last five years. It seems people prefer news feeds sent to their smartphones rather than a printed paper delivered to their homes. Which component in the external environment does this change represent?

- A) Economic
- B) Political
- C) Demographic
- D) Sociocultural

Answer: D

Diff: 2

AACSB: Application of knowledge

Learning Obj: LO 3.2: Describe the constraints and challenges facing managers in today's external environment.

Classification: Application

43) Thanks to iTunes and similar websites, sales of compact discs have declined severely, forcing entertainers to seek alternative revenue streams. This represents a change in the _____ component of the external environment.

- A) psychological
- B) behavioral
- C) sociocultural
- D) economic

Answer: C

Diff: 2

AACSB: Application of knowledge

Learning Obj: LO 3.2: Describe the constraints and challenges facing managers in today's external environment.

Classification: Application

44) Protests in Hong Kong reduced the number of tourists and also reduced revenue for Disney's theme park. This represents a change in the _____ component of the external environment.

- A) global
- B) political/legal
- C) sociocultural
- D) economic

Answer: B

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 3.2: Describe the constraints and challenges facing managers in today's external environment.

Classification: Concept

45) Which of the following factors is a sociocultural component of an organization's external environment?

- A) Most of the firm's customers have at least one year of college.
- B) The government of the country holds elections whenever confidence in the current regime falters.
- C) Over time, society has become more accepting of alternative lifestyles.
- D) The average number of hours worked per year is increasing.

Answer: C

Diff: 3

AACSB: Analytical thinking; Application of knowledge

Learning Obj: LO 3.2: Describe the constraints and challenges facing managers in today's external environment.

Classification: Application

46) Suppose the government of Abolonia imposed a national sales tax on its citizens that reduced their disposable income. Which component of the external environment would this affect?

- A) Global
- B) Cultural
- C) Demographic
- D) Economic

Answer: D

Diff: 2

AACSB: Application of knowledge

Learning Obj: LO 3.2: Describe the constraints and challenges facing managers in today's external environment.

Classification: Application

47) The citizens of Abolonia believe no top executive should ever earn more than 40 times the average wage of the company's employees. This is an example of _____.

- A) how changes in the demographics limit the discretion managers have
- B) how societal attitudes in the economic context create constraints on the decisions managers make
- C) how government regulation affects the salaries executives can earn
- D) a trend in the sociocultural environment that limits disposable income in the economic environment

Answer: B

Diff: 3

AACSB: Application of knowledge

Learning Obj: LO 3.2: Describe the constraints and challenges facing managers in today's external environment.

Classification: Application

48) An organization with dozens of competitors and a large number of raw materials suppliers has a high degree of

- A) environmental autonomy
- B) environmental complexity
- C) forecast certainty
- D) forecast uncertainty

Answer: B

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 3.2: Describe the constraints and challenges facing managers in today's external environment.

Classification: Concept

49) Everything outside of an organization, including such factors as interest rates and stock fluctuations, is defined as the _____.

- A) general environment
- B) stable environment
- C) dynamic environment
- D) environment complexity

Answer: A

Diff: 1

AACSB: Application of knowledge

Learning Obj: LO 3.2: Describe the constraints and challenges facing managers in today's external environment.

Classification: Concept

50) Which of the following, if true, represents a demographic change that will affect decisions future managers make?

- A) The unemployment rate is likely to continue to fall.
- B) The percentage of Hispanics in the candidate pool will increase.
- C) More job candidates are likely to have tattoos and body piercings.
- D) More jobs will be performed by robots.

Answer: B

Diff: 2

AACSB: Diverse and multicultural work environments; Application of knowledge; Analytical thinking

Learning Obj: LO 3.2: Describe the constraints and challenges facing managers in today's external environment.

Classification: Application

51) Faced with incomplete information about the future national economic conditions, many employers have eschewed the tradition of hiring full-time, permanent employees in favor of _____.

- A) hiring only high school graduates willing to work for lower wages
- B) a reduced work week of no more than 30 hours per week per employee
- C) off-shoring as many jobs as possible to reduce costs associated with government-mandated programs
- D) a flexible work arrangement that includes freelancers and temporary workers

Answer: D

Diff: 3

AACSB: Reflective thinking

Learning Obj: LO 3.2: Describe the constraints and challenges facing managers in today's external environment.

Classification: Concept

52) If the components of an organization's environment change frequently, the organization is operating in a _____ environment.

- A) stable
- B) simple
- C) dynamic
- D) complex

Answer: C

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 3.2: Describe the constraints and challenges facing managers in today's external environment.

Classification: Concept

53) Which of the following are the two dimensions of environmental uncertainty?

- A) Degree of change and degree of complexity
- B) Degree of change and degree of volume
- C) Degree of complexity and degree of impact
- D) Degree of impact and degree of timing

Answer: A

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 3.2: Describe the constraints and challenges facing managers in today's external environment.

Classification: Concept

54) D&B Designs has been in the landscape design business in Pleasantville for the past twenty years. As the "first mover" in the market, the company has built a strong market share over the years and is the best-known firm in the area. The company strength increased steadily, and now stands at fifty employees. Which of the following, if true, would make the company's business environment more uncertain?

- A) Homeowners in the area take pride in their gardens and are avid do-it-yourself gardeners.
- B) Demand for landscaping services dips every autumn and winter.
- C) A long-time competitor quit the landscape design business last year.
- D) Zoning laws in the area change as each new city council comes into power.

Answer: D

Diff: 2

AACSB: Application of knowledge; Analytical thinking

Learning Obj: LO 3.2: Describe the constraints and challenges facing managers in today's external environment.

Classification: Application

55) Which of the following describes a dynamic environment?

- A) Sales vary with the seasons.
- B) Production methods change about once every 5 years.
- C) Competitors move into and out of the industry frequently.
- D) Product demand increases every year on a steady upward trend.

Answer: C

Diff: 2

AACSB: Analytical thinking; Application of knowledge

Learning Obj: LO 3.2: Describe the constraints and challenges facing managers in today's external environment.

Classification: Application

56) If the components in an organization's environment exhibit minimal change, such an environment is said to be _____.

- A) volatile
- B) dynamic
- C) stable
- D) simple

Answer: C

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 3.2: Describe the constraints and challenges facing managers in today's external environment.

Classification: Concept

57) Home prices in the area in which your real estate office operates have increased only gradually for the past several years. However, you have noticed that demand for housing in the area usually spikes in summer. Which of the following best describes your business environment?

- A) Stable and simple
- B) Dynamic and simple
- C) Stable and complex
- D) Dynamic and complex

Answer: A

Diff: 2

AACSB: Application of knowledge

Learning Obj: LO 3.2: Describe the constraints and challenges facing managers in today's external environment.

Classification: Application

58) Moreno's Pub Burgers has enjoyed its status as the Numero Uno hamburger restaurant in Pleasantville for the past ten years. Its only competitor is a national fast food chain preferred by children rather than adults. Which of the following, if true, would make Moreno's business environment more uncertain?

- A) The fast food chain closes.
- B) A new employer moves into the area, bringing hundreds of jobs and more families.
- C) Moreno's buys the lot next door to expand its parking.
- D) Because of the growth of Pleasantville's population, more hamburger chains build facilities in Pleasantville.

Answer: D

Diff: 2

AACSB: Analytical thinking; Application of knowledge

Learning Obj: LO 3.2: Describe the constraints and challenges facing managers in today's external environment.

Classification: Application

59) Which one of the following represents the highest level of environmental uncertainty?

- A) Mario's restaurant competes against 325 others in the city; the city's ethnic mix is constantly changing.
- B) Maria's is still the only restaurant in a small town. She took it over from her mother and still uses the same equipment.
- C) Millie's customers expect to see new menu items regularly and want Millie to install Wi-Fi.
- D) Marty has to deal with the local council, the health department, the franchisor, the zoning commission-the list keeps growing. He is grateful there are no new competitors moving in.

Answer: A

Diff: 3

AACSB: Application of knowledge

Learning Obj: LO 3.2: Describe the constraints and challenges facing managers in today's external environment.

Classification: Application

- 60) Which one of the following represents the lowest level of environmental uncertainty?
- A) Mario's restaurant competes against 325 others in the city; the city's ethnic mix is constantly changing.
 - B) Maria's is still the only restaurant in a small town. She took it over from her mother and still uses the same equipment.
 - C) Millie's customers expect to see new menu items regularly and want Millie to install Wi-Fi.
 - D) Marty has to deal with the local council, the health department, the franchisor, the zoning commission-the list keeps growing. He is grateful there are no new competitors moving in.

Answer: B

Diff: 3

AACSB: Application of knowledge

Learning Obj: LO 3.2: Describe the constraints and challenges facing managers in today's external environment.

Classification: Application

- 61) In which one of the following environments do managers in an organization have the greatest influence on organizational outcomes?
- A) Stable and complex environments
 - B) Dynamic and simple environments
 - C) Stable and simple environments
 - D) Dynamic and complex environments

Answer: C

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 3.2: Describe the constraints and challenges facing managers in today's external environment.

Classification: Concept

- 62) Which of the following environments is characterized by the highest level of environmental uncertainty?
- A) A stable and complex environment
 - B) A dynamic and simple environment
 - C) A stable and simple environment
 - D) A dynamic and complex environment

Answer: D

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 3.2: Describe the constraints and challenges facing managers in today's external environment.

Classification: Concept

63) The term _____ is used to collectively refer to any constituencies in an organization's environment that are affected by its decisions and actions.

- A) competitors
- B) shareholders
- C) unions
- D) stakeholders

Answer: D

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 3.2: Describe the constraints and challenges facing managers in today's external environment.

Classification: Concept

64) Which one of the following represents an important constituent of a small-town bake shop selling desserts and coffee?

- A) Wheat farmers in Kansas
- B) The state department of revenue
- C) The bakery's regular customers
- D) The local campus of the community college

Answer: C

Diff: 2

AACSB: Analytical thinking; Application of knowledge

Learning Obj: LO 3.2: Describe the constraints and challenges facing managers in today's external environment.

Classification: Application

65) People's beliefs about conditions of economic inequality illustrate how societal attitudes can constrain managers' decisions and actions.

Answer: TRUE

Diff: 3

AACSB: Ethical understanding and reasoning

Learning Obj: LO 3.2: Describe the constraints and challenges facing managers in today's external environment.

Classification: Concept

66) A dynamic environment is characterized by the absence of new competitors, few technological breakthroughs by current competitors, and little activity by pressure groups to influence the organization.

Answer: FALSE

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 3.2: Describe the constraints and challenges facing managers in today's external environment.

Classification: Concept

67) Environmental uncertainty refers to the number of components in an organization's environment and the extent of the knowledge that the organization has about those components.

Answer: FALSE

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 3.2: Describe the constraints and challenges facing managers in today's external environment.

Classification: Concept

68) A dynamic and simple environment is characterized by the greatest level of environmental uncertainty.

Answer: FALSE

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 3.2: Describe the constraints and challenges facing managers in today's external environment.

Classification: Concept

69) An organization's competitors and employees are considered to be stakeholders who are affected by the organization's decisions and actions.

Answer: TRUE

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 3.2: Describe the constraints and challenges facing managers in today's external environment.

Classification: Concept

70) Managers have greater influence over organizational performance when relationships with the stakeholders are obvious and secure.

Answer: TRUE

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 3.2: Describe the constraints and challenges facing managers in today's external environment.

Classification: Concept

71) Managers of high-performing companies tend to consider the interests of the most profitable stakeholder groups as they make decisions.

Answer: FALSE

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 3.2: Describe the constraints and challenges facing managers in today's external environment.

Classification: Concept

72) Assume that medical science is able to extend the life expectancy in the United States by 20 years, on average. Give examples of how this will affect the decisions managers make. Respond in terms of the economic, demographic, political/legal, and sociocultural contexts.

Answer: Students' answers will vary but should include aspects related to an aging population: more demands on firms to provide products and services for older people; a larger burden on government services to the elderly such as income supports; increasing demand for health care, etc. One could also speculate that society's attitude toward early retirement may shift in favor of a longer working career. If the larger 65+ age group has insufficient income to support themselves, we might see parents moving in with their adult children or even grandchildren.

Diff: 3

AACSB: Application of knowledge; Written and oral communication

Learning Obj: LO 3.2: Describe the constraints and challenges facing managers in today's external environment.

Classification: Application

73) Define environmental uncertainty. Briefly discuss the dimensions of environmental uncertainty.

Answer: Environmental uncertainty refers to the degree of change and complexity in an organization's environment.

The first dimension of uncertainty is the degree of change. If the components in an organization's environment changes frequently and unpredictably, it is a dynamic environment. If change is minimal or predictable, it's a stable one. A stable environment might be one with no new competitors, few technological breakthroughs by current competitors, little activity by pressure groups to influence the organization, and so forth.

The other dimension of uncertainty describes the degree of environmental complexity, which looks at the number of components in an organization's environment and the extent of the knowledge that the organization has about those components. An organization with fewer competitors, customers, suppliers, government agencies, and so forth faces a less complex and uncertain environment. Organizations deal with environmental complexity in various ways. Complexity is also measured in terms of the knowledge an organization needs about its environment.

Diff: 3

AACSB: Reflective thinking; Written and oral communication

Learning Obj: LO 3.2: Describe the constraints and challenges facing managers in today's external environment.

Classification: Concept

74) If you were talking to Todd, an average person, and asked him what the term culture meant, he would reply that it is _____.

- A) the formal rules of an organization
- B) the nature of products/services offered by the company
- C) the shared values and practices of the firm
- D) a set of operational procedures for the company

Answer: C

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 3.3: Discuss the characteristics and importance of organizational culture.

Classification: Concept

75) _____ has been described as the shared values, principles, traditions, and ways of doing things that influence the way organization members act.

- A) Corporate hierarchy
- B) Business configuration
- C) Organization culture
- D) Industrial psychology

Answer: C

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 3.3: Discuss the characteristics and importance of organizational culture.

Classification: Concept

76) A person desiring to understand the culture of an organization would examine _____.

- A) its formal rules
- B) the nature of products/services offered by the company
- C) the shared values and practices of the firm
- D) a set of operational procedures for the company

Answer: C

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 3.3: Discuss the characteristics and importance of organizational culture.

Classification: Concept

77) Which one of the following statements highlights the shared aspect of culture?

- A) Organizational culture is concerned with how members perceive the culture and describe it, not with whether they like it.
- B) Organizational culture is not something that can be physically touched or seen, but employees perceive it on the basis of what they experience within the organization.
- C) The original source of the culture of an organization reflects the vision of the organization's founders.
- D) Even though individuals may have different backgrounds or work at different organizational levels, they tend to describe the organization's culture in similar terms.

Answer: D

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 3.3: Discuss the characteristics and importance of organizational culture.

Classification: Concept

78) Stephen notices that management is very concerned with the effects of outcomes on employees in the organization. This means that management emphasizes the _____ dimension of the organization's culture.

- A) stability
- B) people orientation
- C) aggressiveness
- D) innovation and risk taking

Answer: B

Diff: 1

AACSB: Application of knowledge

Learning Obj: LO 3.3: Discuss the characteristics and importance of organizational culture.

Classification: Application

79) Which one of the following most accurately reflects the difference between strong cultures and weak cultures?

- A) Strong cultures tend to encourage employees to try new approaches to changing conditions, while weak cultures do not.
- B) In strong cultures, organizational values are held by top management, while in weak cultures, values are diffused throughout the organization.
- C) Strong cultures have less influence on employee behavior than do weak cultures.
- D) Company values are more deeply held and widely shared in strong cultures than in weak cultures.

Answer: D

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 3.3: Discuss the characteristics and importance of organizational culture.

Classification: Concept

80) Which of these dimensions of organizational culture highlights the importance of collaboration?

- A) Team orientation
- B) Attention to detail
- C) Adaptability
- D) People orientation

Answer: A

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 3.3: Discuss the characteristics and importance of organizational culture.

Classification: Concept

81) Google has often been cited as a model for employee satisfaction. Google takes extensive care to ensure employees have the best available conditions to perform, ranging from free snack bars, free massages, innovation rooms, spas-on-site, and many more such measures. Which dimension of organizational culture is Google said to emphasize through such measures?

- A) Integrity
- B) Adaptability
- C) People orientation
- D) Attention to detail

Answer: C

Diff: 2

AACSB: Application of knowledge

Learning Obj: LO 3.3: Discuss the characteristics and importance of organizational culture.

Classification: Application

82) Martha is concerned with the degree to which managers focus on results rather than the techniques and processes used to achieve those results. In other words, Martha is concerned that the company will emphasize _____ over other dimensions of the organizational culture.

- A) integrity
- B) adaptability
- C) attention to detail
- D) outcome orientation

Answer: D

Diff: 1

AACSB: Application of knowledge

Learning Obj: LO 3.3: Discuss the characteristics and importance of organizational culture.

Classification: Application

83) Which one of the following would make Mary realize that the company where she works has a strong culture?

- A) Values are limited to the top management.
- B) Upper management sends contradictory messages about what is important.
- C) Most employees are aware of company history.
- D) Shared values and behaviors are not connected.

Answer: C

Diff: 1

AACSB: Application of knowledge

Learning Obj: LO 3.3: Discuss the characteristics and importance of organizational culture.

Classification: Application

84) Employees at Ottobath Corporation are encouraged to submit their ideas for improvements to processes and for new products. Ottobath likely possesses a high degree of _____.

- A) people orientation
- B) team orientation
- C) adaptability
- D) aggressiveness

Answer: C

Diff: 2

AACSB: Application of knowledge

Learning Obj: LO 3.3: Discuss the characteristics and importance of organizational culture.

Classification: Application

85) Bethany works for an international accounting firm noted for its superior quality of work. Employees check and double-check their work. The culture of this firm emphasizes _____.

- A) attention to detail
- B) outcomes
- C) people
- D) teams

Answer: A

Diff: 2

AACSB: Application of knowledge

Learning Obj: LO 3.3: Discuss the characteristics and importance of organizational culture.

Classification: Application

86) Which one of the following is a characteristic of an organization with a strong culture?

- A) Management strives to delink shared values from behaviors as much as possible.
- B) Culture conveys consistent messages about what is important to the organization.
- C) The core set of organizational values is zealously guarded by the management.
- D) Emphasis is laid on the future of the organization, rather than acquainting employees with company history or past heroes.

Answer: B

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 3.3: Discuss the characteristics and importance of organizational culture.

Classification: Concept

87) Which one of the following is a disadvantage of having a strong organizational culture?

- A) High employee turnover
- B) Decreased organizational performance
- C) Low loyalty towards the organization
- D) Inability to respond to changing conditions

Answer: D

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 3.3: Discuss the characteristics and importance of organizational culture.

Classification: Concept

88) If Melody wanted to build a strong culture, which of these actions would help most?

- A) She and other managers should often tell stories about the company "heroes" and encourage employees to emulate their behavior.
- B) She should allow employees to pursue activities they believe will contribute to future company growth.
- C) She should encourage employees to continue their education and establish a tuition assistance program.
- D) She should hold an annual retreat at which upper management develops a values statement.

Answer: A

Diff: 3

AACSB: Application of knowledge

Learning Obj: LO 3.3: Discuss the characteristics and importance of organizational culture.

Classification: Application

89) If Nanette is able to strengthen the culture of her organization, which one of the following could she reasonably expect as a result?

- A) An increase in absenteeism
- B) A decrease in employee turnover
- C) An increase in her stock trading price
- D) A decrease in health insurance costs

Answer: B

Diff: 3

AACSB: Analytical thinking; Application of knowledge

Learning Obj: LO 3.3: Discuss the characteristics and importance of organizational culture.

Classification: Application

90) The original source of an organization's culture usually reflects _____.

- A) the present conditions in which the organization functions
- B) the composition of its productive workforce
- C) the degree of success that the organization has achieved
- D) the vision or mission of the organization's founder

Answer: D

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 3.3: Discuss the characteristics and importance of organizational culture.

Classification: Concept

91) _____ is a process that helps new employees learn the organization's way of doing things.

- A) Incultation
- B) Socialization
- C) Enculturation
- D) Transculturation

Answer: B

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 3.3: Discuss the characteristics and importance of organizational culture.

Classification: Concept

92) An organization's culture can be perpetuated by _____.

- A) selecting candidates for employment who share the organizations values
- B) displaying artifacts that exemplify the culture
- C) taking advantage of employees' suggestions for improvement
- D) expecting managers to produce results

Answer: A

Diff: 3

AACSB: Analytical thinking; Application of knowledge

Learning Obj: LO 3.3: Discuss the characteristics and importance of organizational culture.

Classification: Application

93) Organizational _____ typically contain narratives about significant events or people in the organization.

- A) stories
- B) rituals
- C) language
- D) material artifacts

Answer: A

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 3.3: Discuss the characteristics and importance of organizational culture.

Classification: Concept

94) _____ help anchor the present in the past, provide explanations and legitimacy for current practices, exemplify what is important to the organization, and provide compelling pictures of an organization's goals.

- A) Rituals
- B) Symbols
- C) Stories
- D) Artifacts

Answer: C

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 3.3: Discuss the characteristics and importance of organizational culture.

Classification: Concept

95) The day before Disney World in Florida was to open, the sod around one of the resort hotels had not been laid. CEO Michael Eisner took off his suit coat and tie, rolled up his sleeves, and began laying sod. He instructed his managers to do likewise but many objected, saying they did not know how to lay sod. "It's not hard, boys," said Eisner. "The green side goes up." This is an example of a _____ that reinforces culture.

- A) tradition
- B) ritual
- C) artifact
- D) story

Answer: D

Diff: 1

AACSB: Application of knowledge

Learning Obj: LO 3.3: Discuss the characteristics and importance of organizational culture.

Classification: Application

96) The term _____ refers to repetitive sequences of activities that express and reinforce the important values and goals of the organization.

- A) organizational culture
- B) corporate rituals
- C) corporate rites
- D) employee mentoring

Answer: B

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 3.3: Discuss the characteristics and importance of organizational culture.

Classification: Concept

97) Which of the following is an example of a corporate ritual?

- A) Joe and Ed swap stories about the company's history and past heroes who have made significant contributions to the company.
- B) Company executives use company-specific jargon or slogans intended to inspire other employees to perform better.
- C) Every customer who buys a new car at Eby Ford and Lincoln rings a gong and is rewarded with applause from the entire sales staff.
- D) In the reception lobby is an assortment of material artifacts such as trade magazines, industry awards, photos of the employees-of-the-month, and samples of products.

Answer: C

Diff: 2

AACSB: Application of knowledge

Learning Obj: LO 3.3: Discuss the characteristics and importance of organizational culture.

Classification: Application

98) Which one of the following is an example of a material artifact or symbol?

- A) The lines on the parking lot are repainted every year.
- B) The offices of upper management are carpeted; the offices of administrative personnel have tile floors.
- C) The company sponsors a local youth sports team.
- D) Incoming calls are answered by a live person.

Answer: B

Diff: 3

AACSB: Application of knowledge

Learning Obj: LO 3.3: Discuss the characteristics and importance of organizational culture.

Classification: Application

99) _____ often act(s) as a common denominator that bonds an organization's members.

- A) Rituals
- B) Symbols
- C) Artifacts
- D) Language

Answer: D

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 3.3: Discuss the characteristics and importance of organizational culture.

Classification: Concept

100) Which one of the following is a cultural constraint that affects the decisions managers in a company make?

- A) The extent to which employees are encouraged to participate on problem-solving teams.
- B) The size of the operating budget.
- C) The location of the firm's headquarters.
- D) The size of the employee population.

Answer: A

Diff: 1

AACSB: Application of knowledge

Learning Obj: LO 3.3: Discuss the characteristics and importance of organizational culture.

Classification: Analytical

101) Bernard's company knows it must constantly create new products to stay ahead of the competition. Which of the following characteristics are we likely to find in this culture?

- A) A serious outlook toward work.
- B) Intolerance toward uncertainty or ambiguity.
- C) Resolution of employee issues based on personal interest.
- D) Freedom for employees to exercise discretion.

Answer: D

Diff: 3

AACSB: Application of knowledge

Learning Obj: LO 3.3: Discuss the characteristics and importance of organizational culture.

Classification: Application

102) If ABC Company wanted to create an innovative culture, which of the following actions should it take?

- A) Create detailed job descriptions and step-by-step procedures for every position.
- B) Allow employees time for the generation of ideas.
- C) Encourage employees to report slacking and other time wasting within their departments.
- D) Require employees to document their activities to account for all paid hours.

Answer: B

Diff: 3

AACSB: Application of knowledge

Learning Obj: LO 3.3: Discuss the characteristics and importance of organizational culture.

Classification: Application

103) Marriott hotels are noted for their fantastic service. Their motto is "Ladies and gentlemen serving ladies and gentlemen." To build and maintain this level of service, which of the following guidelines should managers follow?

- A) Precisely defining employees' normal job requirements and ensuring they perform those actions.
- B) Giving service-contact employees continual training on product knowledge, listening, and other behavioral skills.
- C) Designing jobs with rigid rules and procedure that employees should stick to in order to satisfy customers.
- D) Preserving the discretion to make day-to-day decisions on job-related activities at the top level of management.

Answer: B

Diff: 3

AACSB: Application of knowledge

Learning Obj: LO 3.3: Discuss the characteristics and importance of organizational culture.

Classification: Application

104) Companies that wish to establish a culture of sustainability can _____.

- A) expect new hires to observe the actions of others and act in a similar fashion
- B) casually mention occasionally that the company is concerned about sustainability
- C) vary the type and timing of its sustainability activities
- D) create rituals to demonstrate the company's efforts to support sustainability actions

Answer: D

Diff: 3

AACSB: Application of knowledge

Learning Obj: LO 3.3: Discuss the characteristics and importance of organizational culture.

Classification: Application

105) Corporate rituals are repetitive sequences of activities that express and reinforce the key values of an organization.

Answer: TRUE

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 3.3: Discuss the characteristics and importance of organizational culture.

Classification: Concept

106) Strong cultures have more influence on employees than do weak cultures.

Answer: TRUE

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 3.3: Discuss the characteristics and importance of organizational culture.

Classification: Concept

107) The shared aspect of culture implies that all employees in an organization agree with the organization's values and beliefs.

Answer: FALSE

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 3.3: Discuss the characteristics and importance of organizational culture.

Classification: Concept

108) In strong organizational cultures, employees have little knowledge of company history or heroes; what is important is present performance.

Answer: FALSE

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 3.3: Discuss the characteristics and importance of organizational culture.

Classification: Concept

109) Organizations help employees adapt to the culture through socialization.

Answer: TRUE

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 3.3: Discuss the characteristics and importance of organizational culture.

Classification: Concept

110) For the sake of clarity, the constraints imposed on managers by the organization's culture are explicitly stated in the employee handbook.

Answer: FALSE

Diff: 1

AACSB: Application of knowledge

Learning Obj: LO 3.3: Discuss the characteristics and importance of organizational culture.

Classification: Application

111) Because a company's culture has so much influence on managers' decisions, it is important that each manager have a published code clearly stating the company's cultural guidelines.

Answer: FALSE

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 3.3: Discuss the characteristics and importance of organizational culture.

Classification: Concept

112) Define organizational culture and discuss its three primary implications.

Answer: Organizational culture is the shared values, principles, traditions, and ways of doing things that influence the way organizational members act. In most organizations, these important shared values and practices have evolved over time and determine, in large degree, what employees perceive about their organizational experiences and how they behave in the organization. When doing their work, the organizational culture-the "way we do things around here"-influences what employees can do and how they view, define, analyze, and resolve problems and issues.

Our definition of culture implies three things. First, culture is a perception. Individuals perceive the organizational culture on the basis of what they see, hear, or experience within the organization. Second, even though individuals may have different backgrounds or work at different organizational levels, they tend to describe the organization's culture in similar terms. That's the shared aspect of culture. Finally, organizational culture is descriptive. It's concerned with how members perceive the organization, not with whether they like it. It describes rather than evaluates.

Diff: 3

AACSB: Reflective thinking; Written and oral communication

Learning Obj: LO 3.3: Discuss the characteristics and importance of organizational culture.

Classification: Concept

113) Identify and define the six dimensions that make up an organization's culture.

Answer: Organizational culture has been described as the shared values, principles, traditions, and ways of doing things that influence the way organizational members act. In most organizations, these shared values and practices have evolved over time.

- a. Adaptability-the degree to which employees are encouraged to be innovative and to take risks.
- b. Attention to detail-the degree to which employees are expected to exhibit precision, analysis, and attention to detail.
- c. Outcome orientation-the degree to which managers focus on results or outcomes rather than on how these outcomes are achieved.
- d. People orientation-the degree to which management decisions take into account the effects on people in the organization.
- e. Team orientation-the degree to which work is organized around teams rather than individuals.
- f. Integrity-the degree to which people exhibit honesty and high ethical principles in their work.

Diff: 3

AACSB: Reflective thinking; Written and oral communication

Learning Obj: LO 3.3: Discuss the characteristics and importance of organizational culture.

Classification: Concept

114) How do employees of an organization learn its culture? In a short essay, explain the four primary methods and provide an example of each.

Answer: Culture is transmitted to employees in a number of ways. The most significant are stories, rituals, material symbols, and language.

a. Stories: Organizational "stories" typically contain a narrative of significant events or people including such things as the organization's founders, reactions to past mistakes, and so forth. For instance, managers at Nike feel that stories told about the company's past help shape the future. Whenever possible, corporate "storytellers" (senior executives) explain the company's heritage and tell stories that celebrate people getting things done.

b. Rituals: Corporate rituals are repetitive sequences of activities that express and reinforce the values of the organization, what goals are most important, and which people are important. Mary Kay Cosmetics' annual awards ceremony is a good example. The company spends more than \$50 million annually on rewards and price incentives.

c. Material Symbols: Material symbols convey to employees who is important and the kinds of behavior that are expected and appropriate. Examples of material symbols include the layout of an organization's facilities, how employees dress, the types of automobiles provided to top executives, and the availability of corporate aircraft. At WorldNow, a provider of Internet technology to local media companies, an important material symbol is an old dented drill that the founders purchased for \$2 at a thrift store. The drill symbolizes the company's culture of "drilling down to solve problems."

d. Language: Many organizations and units within organizations use language as a way to identify and unite members of a culture. By learning this language, members attest to their acceptance of the culture and their willingness to help preserve it. For instance, at Walmart, employees soon learn to describe various product aisles with the terms "Action Alley," "Bowling Alley," and "The Cross."

Diff: 3

AACSB: Reflective thinking; Written and oral communication

Learning Obj: LO 3.3: Discuss the characteristics and importance of organizational culture.

Classification: Application

115) Discuss how culture constrains managers. Include specific examples to support your answer.
Answer: Because an organization's culture constrains what managers can and cannot do, it is particularly relevant to managers. These constraints are rarely explicit. They're not written down. It's unlikely that they'll even be spoken. But they're there, and all managers quickly learn what to do and not to do in their organization.

The link between values and managerial behavior is fairly straightforward. If an organization's culture supports the belief that profits can be increased by cost cutting and that the company's best interests are served by achieving slow but steady increases in quarterly earnings, managers are unlikely to pursue programs that are innovative, risky, long term, or expansionary.

In an organization whose culture conveys a basic distrust of employees, managers are more likely to use an authoritarian leadership style than a democratic one. Why? The culture establishes for managers what is appropriate and expected behavior. Banco Santander has been described as a "risk-control freak." The company's managers adhered to "banking's stodgiest virtues — conservatism and patience."

Diff: 3

AACSB: Reflective thinking; Written and oral communication

Learning Obj: LO 3.3: Discuss the characteristics and importance of organizational culture.

Classification: Application