



Test Bank for Management Global Edition by Robbins 15th Edition Chapter 08

Management and Organization (จุฬาลงกรณ์มหาวิทยาลัย)

Management, 15e (Robbins/Coulter)
Chapter 8 Planning Work Activities

1) _____ involves defining the organization's goals, establishing strategies for achieving those goals, and developing plans to integrate and coordinate work activities.

- A) Execution
- B) Logistics
- C) Planning
- D) Operations

Answer: C

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 8.1: Define the nature and purposes of planning.

Classification: Concept

2) The effect of planning on managers is that it forces them to _____.

- A) generate higher profits
- B) anticipate and respond to change
- C) eliminate uncertainty
- D) work at cross purposes

Answer: B

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 8.1: Define the nature and purposes of planning.

Classification: Concept

3) Which one of the following is among the reasons why managers should plan?

- A) When work activities are coordinated around plans, inefficiencies become obvious.
- B) Uncertainty can be eliminated and the organization can be insulated from change with planning.
- C) Planning eliminates the need to set goals.
- D) Planning eliminates the need to measure work effort.

Answer: A

Diff: 3

AACSB: Reflective thinking

Learning Obj: LO 8.1: Define the nature and purposes of planning.

Classification: Concept

- 4) Which one of the following is true of the impact of formal planning on organizational performance?
- A) Formal planning is associated with positive financial results.
 - B) Organizations that formally plan invariably outperform those that don't plan.
 - C) The amount of planning done is more important to high performance than the quality of planning and implementation.
 - D) Companies can start seeing the impact of formal planning on performance about a year after starting the planning process.

Answer: A

Diff: 3

AACSB: Reflective thinking

Learning Obj: LO 8.1: Define the nature and purposes of planning.

Classification: Concept

- 5) When formal planning fails to lead to higher performance, which one of the following is most likely to be the reason for the failure?

- A) A participative style of planning was used.
- B) Managers were allowed too much autonomy.
- C) The company emphasized the control function over other functions.
- D) External forces constrain managers' options.

Answer: D

Diff: 3

AACSB: Reflective thinking

Learning Obj: LO 8.1: Define the nature and purposes of planning.

Classification: Concept

- 6) Planning is concerned with how objectives are to be accomplished, not what is to be accomplished.

Answer: FALSE

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 8.1: Define the nature and purposes of planning.

Classification: Concept

- 7) Planning provides direction to managers and non-managers alike.

Answer: TRUE

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 8.1: Define the nature and purposes of planning.

Classification: Concept

8) The presence of planning inhibits the ability of departments and individuals to work together or organizations to move.

Answer: FALSE

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 8.1: Define the nature and purposes of planning.

Classification: Concept

9) Planning helps managers eliminate uncertainty and insulates organizations from change.

Answer: FALSE

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 8.1: Define the nature and purposes of planning.

Classification: Concept

10) Several research studies have conclusively proven that planning organizations always outperform non-planning organizations.

Answer: FALSE

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 8.1: Define the nature and purposes of planning.

Classification: Concept

11) Studies indicate that doing a good job planning and implementing those plans play a bigger part in high performance than does how much planning is done.

Answer: TRUE

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 8.1: Define the nature and purposes of planning.

Classification: Concept

12) In a short essay, define planning and discuss the characteristics of formal planning as it is used in various organizations.

Answer: Planning involves defining the organization's goals, establishing an overall strategy for achieving those goals, and developing a comprehensive set of plans to integrate and coordinate organizational work. It is concerned with both ends and means. In formal planning, specific goals covering a period of years are defined. These goals are written and known to organizational members.

Diff: 3

AACSB: Reflective thinking; Written and oral communication

Learning Obj: LO 8.1: Define the nature and purposes of planning.

Classification: Concept

13) White Forest Financials is a small investment firm, operating in an extremely volatile environment. One of the company's two owners, David White, is of the opinion that it would be futile for the company to engage in formal planning as the business environment is constantly shifting. However, the co-owner, Marsha Forest, believes that planning is essential for the company's success. Whom would you support? Why?

Answer: Marsha Forest is correct in her observation that planning is essential to a company's success. Generally speaking, formal planning is associated with positive financial results. Planning offers several advantages to companies. It establishes coordinated effort and gives direction to managers and non-managers alike. It reduces overlapping and wasteful activities. Planning also establishes goals or standards that are used in controlling. Planning reduces uncertainty by forcing companies to look ahead, anticipate change, consider the impact of change, and develop appropriate responses. It also clarifies the consequences of actions companies might take in response to change. Even though planning can't eliminate change, companies plan in order to anticipate changes and develop the most effective response to them.

Even when the environment is highly uncertain, it's important to continue formal planning in order to see any effect on organizational performance. It's the persistence in planning that contributes to significant performance improvement. In an uncertain environment, managers should develop plans that are specific, but flexible. Managers need to recognize that planning is an ongoing process. The plans serve as a road map although the destination may change due to dynamic market conditions. They should be ready to change directions if environmental conditions warrant.

Diff: 3

AACSB: Application of knowledge; Written and oral communication

Learning Obj: LO 8.1: Define the nature and purposes of planning.

Classification: Application

14) Discuss the impact of planning on organizational performance.

Answer: Numerous studies have looked at the relationship between planning and performance. Although most showed generally positive relationships, we can't say that organizations that formally plan always outperform those that don't plan.

Generally speaking, formal planning is associated with positive financial results-higher profits, higher return on assets, and so forth. Also, it seems that doing a good job planning and implementing those plans play a bigger part in high performance than does how much planning is done. Next, in those studies where formal planning didn't lead to higher performance, the external environment often was the culprit. When external forces-say, governmental regulations or powerful labor unions-constrain managers' options, it reduces the impact planning has on an organization's performance. Finally, the planning-performance relationship seems to be influenced by the planning time frame. It seems that at least four years of formal planning is required before it begins to affect performance.

Diff: 3

AACSB: Reflective thinking; Written and oral communication

Learning Obj: LO 8.1: Define the nature and purposes of planning.

Classification: Concept

15) Which aspect of planning refers to documents that outline how results are to be achieved?

- A) Goals
- B) Plans
- C) Objectives
- D) Performance guidelines

Answer: B

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 8.2: Classify the types of plans organizations might use.

Classification: Concept

16) Goals are different from plans because _____.

- A) goals identify specific steps that the organization needs to achieve, and plans identify the overall mission of the organization
- B) goals describe financial objectives, and plans describe objectives related to social responsibility
- C) goals are important only for small companies, and plans are important only for large companies
- D) goals are desired outcomes, and plans describe how those outcomes will be accomplished

Answer: D

Diff: 3

AACSB: Reflective thinking

Learning Obj: LO 8.2: Classify the types of plans organizations might use.

Classification: Concept

17) Which one of the following statements is true regarding an organization's plans?

- A) Plans can differ based on time frame.
- B) Almost all plans are strategic plans.
- C) Strategic plans may result in unethical behaviors by employees.
- D) Long-term success is ensured if managers emphasize operational plans.

Answer: A

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 8.2: Classify the types of plans organizations might use.

Classification: Concept

18) Most companies' plans can be classified as either _____ or _____.

- A) strategic; financial
- B) operational; tactical
- C) social; economic
- D) strategic; operational

Answer: D

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 8.2: Classify the types of plans organizations might use.

Classification: Concept

19) Organizational plans can be classified on the basis of their _____.

- A) usefulness

- B) frequency of use
- C) suitability
- D) attainability

Answer: B

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 8.2: Classify the types of plans organizations might use.

Classification: Concept

20) Strategic plans are usually _____.

- A) short term, directional, and standing
- B) short term, specific, and standing
- C) long term, directional, and single use
- D) long term, specific, and standing

Answer: C

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 8.2: Classify the types of plans organizations might use.

Classification: Concept

21) _____ plans apply to the entire organization and establish the organization's overall goals.

- A) Departmental
- B) Strategic
- C) Operational
- D) Long-term

Answer: B

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 8.2: Classify the types of plans organizations might use.

Classification: Concept

22) Operational plans are usually _____.

- A) short term, directional, and standing
- B) short term, specific, and standing
- C) long term, directional, and single use
- D) long term, specific, and standing

Answer: B

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 8.2: Classify the types of plans organizations might use.

Classification: Concept

23) Plans that encompass only the production or the sales goals of a company are termed _____ plans.

- A) operational
- B) strategic
- C) informal
- D) financial

Answer: A

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 8.2: Classify the types of plans organizations might use.

Classification: Concept

24) Mr. Slabaugh wants to formulate a plan that lays out general guidelines for his employees and leaves room for interpretation. Which one of the following types of plans would best suit his requirement?

- A) Informal
- B) Specific
- C) Directional
- D) Standing

Answer: C

Diff: 3

AACSB: Application of knowledge

Learning Obj: LO 8.2: Classify the types of plans organizations might use.

Classification: Application

25) Williamson is the owner of a small company that sells corporate gifts through an online store. Business has slowed down in recent months and he realizes that the organization must move in a different direction if it is to survive. He has reset some of the company's overall goals and wants to develop a plan to achieve those goals. He is anticipating the business environment to be volatile for the next few years. Considering the above information, it can be determined that his plan must be _____, _____, and _____.

- A) operational; directional; rigid
- B) informal; unwritten; flexible
- C) strategic; general; rigid
- D) strategic; directional; flexible

Answer: D

Diff: 3

AACSB: Analytical thinking; Application of knowledge

Learning Obj: LO 8.2: Classify the types of plans organizations might use.

Classification: Application

26) Long-term plans are defined as those with a time frame beyond _____.

- A) seven years
- B) one year
- C) five years
- D) three years

Answer: C

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 8.2: Classify the types of plans organizations might use.

Classification: Concept

27) Short-term plans are those covering _____ or less.

- A) three years
- B) one year
- C) six months
- D) five years

Answer: B

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 8.2: Classify the types of plans organizations might use.

Classification: Concept

28) _____ plans are clearly defined and leave no room for interpretation.

- A) Directional
- B) Stated
- C) Long-term
- D) Specific

Answer: D

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 8.2: Classify the types of plans organizations might use.

Classification: Concept

29) Todd Miller, CEO of Miller's Grocery, has determined that all stores should be well maintained both inside and out. This is an example of a _____.

- A) directional plan
- B) specific plan
- C) financial goal
- D) social goal

Answer: A

Diff: 2

AACSB: Application of knowledge

Learning Obj: LO 8.2: Classify the types of plans organizations might use.

Classification: Application

30) What plans are preferable when uncertainty is high in the business environment?

- A) Standing plans
- B) Directional plans
- C) Operational plans
- D) Long-term plans

Answer: B

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 8.2: Classify the types of plans organizations might use.

Classification: Concept

31) Which of the following is an example of a single-use plan?

- A) Affirmative action hiring policies of a company.
- B) A plan developed to install a new computer network.
- C) The procedure to be followed for firing low-performing employees.
- D) A plan developed to ensure worker safety at the company's facilities.

Answer: B

Diff: 2

AACSB: Application of knowledge

Learning Obj: LO 8.2: Classify the types of plans organizations might use.

Classification: Application

32) A standing plan is _____.

- A) an ongoing plan that provides guidance for activities performed repeatedly
- B) a plan that stands in place of a preferred plan in case of the failure of the latter
- C) a one-time plan specifically designed to meet the needs of a unique situation
- D) a flexible plan that sets out general guidelines for company strategy

Answer: A

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 8.2: Classify the types of plans organizations might use.

Classification: Concept

33) Which one of the following is an example of a standing plan?

- A) A retail chain's plan to counter the entry of a new competitor.
- B) A plan developed to address a sudden, unanticipated surge in demand.
- C) A fire escape policy establishing practices to be followed in an emergency.
- D) A plan to cope with radical changes in the political environment.

Answer: C

Diff: 3

AACSB: Analytical thinking

Learning Obj: LO 8.2: Classify the types of plans organizations might use.

Classification: Application

34) The number of years used to define short-term and long-term plans has increased considerably because of the greater environmental certainty businesses have today.

Answer: FALSE

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 8.2: Classify the types of plans organizations might use.

Classification: Concept

35) Long-term plans are those with a time frame beyond five years.

Answer: TRUE

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 8.2: Classify the types of plans organizations might use.

Classification: Concept

36) Short-term plans are those covering one year or less.

Answer: TRUE

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 8.2: Classify the types of plans organizations might use.

Classification: Concept

37) When uncertainty is high and managers must be flexible in order to respond to unexpected changes, directional plans are preferable.

Answer: TRUE

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 8.2: Classify the types of plans organizations might use.

Classification: Concept

38) Directional plans are clearly defined and leave no room for interpretation.

Answer: FALSE

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 8.2: Classify the types of plans organizations might use.

Classification: Concept

39) The standard procedure to be followed by the human resources department of a company when initiating disciplinary action against an employee is an example of a standing plan.

Answer: TRUE

Diff: 2

AACSB: Application of knowledge

Learning Obj: LO 8.2: Classify the types of plans organizations might use.

Classification: Application

40) In a short essay, describe the different classifications of plans.

Answer: Strategic plans are plans that apply to the entire organization, establish the organization's overall goals, and seek to position the organization in terms of its environment. Plans that specify the details of how the overall goals are to be achieved are called operational plans. Strategic plans tend to cover a longer time frame and a broader view of the organization. Strategic plans also include the formulation of goals whereas operational plans define ways to achieve the goals. Also, operational plans tend to cover shorter time periods. We define long-term plans as those with a time frame beyond three years. Short-term plans are those covering one year or less. Specific plans are plans that are clearly defined and that leave no room for interpretation. They have clearly defined objectives. There's no ambiguity and no problem with misunderstanding. The drawbacks of specific plans are that they require clarity and a sense of predictability that often do not exist. When uncertainty is high and managers must be flexible in order to respond to unexpected changes, directional plans are preferable. Directional plans are flexible plans that set out general guidelines. They provide focus but don't lock managers into specific goals or courses of action. However, the flexibility inherent in directional plans must be weighed against the loss of clarity provided by specific plans. A single-use plan is a one-time plan specifically designed to meet the needs of a unique situation. In contrast, standing plans are ongoing plans that provide guidance for activities performed repeatedly. Standing plans include policies, rules, and procedures.

Diff: 3

AACSB: Reflective thinking; Written and oral communication

Learning Obj: LO 8.2: Classify the types of plans organizations might use.

Classification: Concept

41) When uncertainty is high, plans should be _____ and _____.

- A) specific; flexible
- B) directional; standing
- C) short-term; directional
- D) general; informal

Answer: A

Diff: 3

AACSB: Reflective thinking

Learning Obj: LO 8.3: Identify the key contingency factors in planning.

Classification: Concept

42) The commitment concept says that plans should _____.

- A) extend far enough to meet those commitments made when the plans were developed
- B) be done for as long a time period as possible
- C) be done for as short a time period as possible
- D) not commit to specifically meeting the goals made when the plans were developed

Answer: A

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 8.3: Identify the key contingency factors in planning.

Classification: Concept

43) Top executives are mainly involved in _____ planning.

- A) functional
- B) operational
- C) strategic
- D) departmental

Answer: C

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 8.3: Identify the key contingency factors in planning.

Classification: Concept

44) _____ planning dominates managers' planning efforts at lower levels of the organization.

- A) Strategic
- B) Organization-wide
- C) Operational
- D) Directional

Answer: C

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 8.3: Identify the key contingency factors in planning.

Classification: Concept

45) The commitment concept states that the more the current plans affect future commitments, the _____.

- A) shorter the time horizon to implement the plans.
- B) faster management needs to finalize and adopt the plans.
- C) longer the time frame for which management should plan.
- D) less control management has over timing.

Answer: C

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 8.3: Identify the key contingency factors in planning.

Classification: Concept

46) The rapid pace of technological change suggests that manager _____.

- A) can do little now given the future uncertainty
- B) should not worry about long range plans
- C) should not commit large sums of money to long-term projects
- D) need to be very flexible

Answer: D

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 8.3: Identify the key contingency factors in planning.

Classification: Concept

47) The commitment concept says that plans should extend far enough to meet those commitments made when the plans were developed.

Answer: TRUE

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 8.3: Identify the key contingency factors in planning.

Classification: Concept

48) In an uncertain environment, managers should develop plans that are specific, but flexible.

Answer: TRUE

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 8.3: Identify the key contingency factors in planning.

Classification: Concept

49) Environmental scanning involves monitoring the firm's pollution emissions.

Answer: FALSE

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 8.3: Identify the key contingency factors in planning.

Classification: Concept

50) In a short essay, discuss the three planning contingency factors that influence the choice of plans and illustrate how these factors influence planning.

Answer: Three contingency factors affect planning: level in the organization, degree of environmental uncertainty, and length of future commitments. The planner's level in the organization is likely to determine whether the plan is more strategic versus more operational. For the most part, operational planning dominates managers' planning at lower levels of the organization, while at upper levels, planning is more strategy oriented. Environmental uncertainty is the second contingency factor. When uncertainty is high, plans should be specific, but more flexible. Under these conditions, managers may sometimes need to abandon an existing plan in favor of a new one. Under low uncertainty, management is more likely to adhere to existing plans. Lastly, the time frame of existing plans is likely to influence new and emerging plans. The more current plans affect future commitments, the longer the time frame is for which managers must plan.

Diff: 2

AACSB: Reflective thinking; Written and oral communication

Learning Obj: LO 8.3: Identify the key contingency factors in planning.

Classification: Concept

51) In a short essay, describe how managers can effectively plan when the external environment is continually changing.

Answer: In an uncertain environment, managers want to develop plans that are specific, but flexible. Although this may seem contradictory, it's not. To be useful, plans need some specificity, but the plans should not be cast in stone. Managers must recognize that planning is an ongoing process. The plans serve as a roadmap although the destination may be changing constantly due to dynamic market conditions. They should be willing to change directions if environmental conditions warrant. This flexibility is particularly important as plans are implemented. Managers must stay alert to environmental changes that could impact the effective implementation of plans and make changes as needed. Keep in mind, also, that it's important to continue formal planning efforts, even when the environment is highly uncertain, in order to see any effect on organizational performance. It's the persistence in planning efforts that contributes to significant performance improvement. It seems that, as with most activities, managers "learn to plan" and the quality of their planning improves when they continue to do it. Finally, effective planning in dynamic environments means flattening the organizational hierarchy as the responsibility for establishing goals and developing plans is shoved to lower organizational levels because there's little time for goals and plans to flow down from the top. Managers must train their employees in setting goals and establishing plans and then trust that they will do so.

Diff: 3

AACSB: Reflective thinking; Written and oral communication

Learning Obj: LO 8.3: Identify the key contingency factors in planning.

Classification: Concept

52) In _____, goals set by top managers flow down through the organization and become subgoals for each organizational area.

- A) management by objectives
- B) management by observation
- C) traditional goal setting
- D) traditional planning

Answer: C

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 8.4: Compare and contrast approaches to objective setting.

Classification: Concept

53) Which one of the following is an assumption associated with traditional goal setting?

- A) Employees will be more motivated to try to attain goals that they helped set.
- B) Clarity and specificity are preserved as the goals filter down through organizational levels.
- C) Top managers know what is best because they see the "big picture."
- D) Managers and employees together develop goals.

Answer: C

Diff: 3

AACSB: Reflective thinking

Learning Obj: LO 8.4: Compare and contrast approaches to objective setting.

Classification: Concept

- 54) Which one of the following is a problem associated with traditional goal setting?
- A) Top level managers tend to define the organization's goals in very narrow terms.
 - B) Transition of strategic goals into departmental, team, and individual goals is difficult.
 - C) It can result in the formation of a means-ends chain.
 - D) Goals set are invariably easily accomplished.

Answer: B

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 8.4: Compare and contrast approaches to objective setting.

Classification: Concept

- 55) A problem associated with traditional goal setting is that _____.
- A) the narrowly defined goals inhibit a manager's ability to interpret them
 - B) the high degree of reliance on employees for developing goals is not suited to many situations
 - C) clarity is lost as the goals make their way down from the top of the organization to lower levels
 - D) it promotes the growth of a flatter organizational structure and threatens organizational efficiency

Answer: C

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 8.4: Compare and contrast approaches to objective setting.

Classification: Concept

- 56) Which one of the following statements is true of traditional goal setting?
- A) Traditional goal setting assumes that employees know best and employs a bottom-up approach of setting organizational goals.
 - B) Evaluation of performance is carried out concurrently with the flow of goals through the organization.
 - C) Goals defined narrowly by top managers need to be made more directional as they flow down through the organization.
 - D) Managers at each level define goals and apply their own interpretations and biases as they make them more specific.

Answer: D

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 8.4: Compare and contrast approaches to objective setting.

Classification: Concept

57) _____ is a process of setting mutually-agreed upon goals and using those goals to evaluate employee performance.

- A) Management by objectives
- B) Management by walking around
- C) Management by observation
- D) Management by exception

Answer: A

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 8.4: Compare and contrast approaches to objective setting.

Classification: Concept

58) Which one of the following is the first step in MBO?

- A) The organization's overall objectives and strategies are formulated.
- B) Unit managers collaboratively set specific objectives for their units with their managers.
- C) Action plans are specified and agreed upon by managers and employees.
- D) Major objectives are allocated among divisional and departmental units.

Answer: A

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 8.4: Compare and contrast approaches to objective setting.

Classification: Concept

59) Which one of the following is the last step in MBO?

- A) Progress toward objectives is periodically reviewed, and feedback is provided.
- B) The organization's overall objectives and strategies are formulated.
- C) Successful achievement of objectives is reinforced by performance-based rewards.
- D) Action plans are implemented.

Answer: C

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 8.4: Compare and contrast approaches to objective setting.

Classification: Concept

60) Bonnie is discussing with her subordinate, Julie, the types of projects Julie would like to work on in the coming year. They are setting goals and determining what success would look like.

Bonnie and Julie are engaged in _____.

- A) performance planning
- B) strategic planning
- C) management by observation
- D) management by objectives

Answer: D

Diff: 3

AACSB: Application of knowledge

Learning Obj: LO 8.4: Compare and contrast approaches to objective setting.

Classification: Application

61) Bill has been working his plan for about three months. He is now discussing his progress with Jim, his supervisor. If Bill and Jim are using the MBO planning process, this discussion is called _____.

- A) performance feedback
- B) redirection of goals
- C) advise and adjust
- D) the milestone checkpoint

Answer: A

Diff: 3

AACSB: Application of knowledge

Learning Obj: LO 8.4: Compare and contrast approaches to objective setting.

Classification: Application

62) Which one of the following reflects the way goals are used in an MBO program?

- A) Goals are used to prepare financial budgets for each unit.
- B) Goals are used to broadly set the direction subject to encourage interpretation by individual managers.
- C) Apart from being used to ensure that employees are doing what they are supposed to be doing, goals are used as a motivating tool for employees.
- D) Goals are used to compare organizational performance year over year.

Answer: C

Diff: 3

AACSB: Reflective thinking

Learning Obj: LO 8.4: Compare and contrast approaches to objective setting.

Classification: Concept

63) Which one of the following is true of the traditional approach to planning?

- A) Plans are developed by organizational members at the various levels.
- B) This approach makes managerial planning thorough, systematic, and coordinated.
- C) Plans created through this method are seldom written down.
- D) Formal planning departments are rarely used in this approach.

Answer: B

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 8.4: Compare and contrast approaches to objective setting.

Classification: Concept

64) When is the traditional top-down approach to planning most likely to be effective?

- A) When lower level employees develop plans.
- B) When the plans focus on developing a large number of plans and carefully documenting them.
- C) When the management avoids the use of a formal planning department.
- D) When plans are developed that can actually be used by organizational members.

Answer: D

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 8.4: Compare and contrast approaches to objective setting.

Classification: Concept

65) When lower-level managers and employees are involved in the planning process, _____.

- A) the documents they create are rarely reviewed
- B) the plans take on a life of their own
- C) their job satisfaction increases but productivity suffers
- D) they see the plans as more than just something written down on paper

Answer: D

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 8.4: Compare and contrast approaches to objective setting.

Classification: Concept

66) If top management set a goal that each store in the company should have sales equal to or greater than \$100 per square foot per day, this would be an example of _____.

- A) a strategic plan
- B) a directional plan
- C) a financial goal
- D) a strategic goal

Answer: C

Diff: 2

AACSB: Application of knowledge

Learning Obj: LO 8.4: Compare and contrast approaches to objective setting.

Classification: Application

67) Nike, Inc. is a sportswear and equipment manufacturer that serves a multitude of sports disciplines. Which one of the following statements from Nike would be the best example of a strategic goal?

- A) A ten percent increase in average annual sales.
- B) A seven percent increase in average annual income.
- C) Achieving a return on investment of 17 percent.
- D) Accelerating growth through focused execution.

Answer: D

Diff: 2

AACSB: Application of knowledge

Learning Obj: LO 8.4: Compare and contrast approaches to objective setting.

Classification: Application

68) Robert Downs, owner of a new community newspaper in his home town of Corning, New York, has set the following goal for his company: "To be a champion for free speech and for the development of the community." This goal constitutes the _____ goal of the company.

- A) informal
- B) operational
- C) financial
- D) strategic

Answer: D

Diff: 3

AACSB: Application of knowledge

Learning Obj: LO 8.4: Compare and contrast approaches to objective setting.

Classification: Application

69) An organization's _____ goals are official statements of what an organization says, and what it wants its stakeholders to believe its goals are.

- A) stated
- B) real
- C) authentic
- D) implicit

Answer: A

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 8.4: Compare and contrast approaches to objective setting.

Classification: Concept

70) When making editorial decisions for his newspaper, the owner/editor mostly picks issues that are in line with his political beliefs and those that his advertisers approve of despite his publicly stated goal "to be a champion for free speech and for the development of the community." This indicates that _____.

- A) the company's strategic goals do not leave any room for interpretation
- B) the company's stated goals are not its real goals
- C) the company's goals are directional in nature
- D) the company's financial goals derive from its strategic goals

Answer: B

Diff: 3

AACSB: Analytical thinking

Learning Obj: LO 8.4: Compare and contrast approaches to objective setting.

Classification: Application

71) Which one of the following is the best indicator of an organization's real goals?

- A) Organizational members' actions
- B) Mission statement
- C) Annual reports
- D) Stock valuation

Answer: A

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 8.4: Compare and contrast approaches to objective setting.

Classification: Concept

72) An organization's mission states that it "is committed to reducing its environmental footprint"; but its facilities do not comply with statutory environmental regulations. This is an instance of how _____.

- A) strategic goals help shape financial goals
- B) long-term goals differ from short-term goals
- C) an organizations stated goals need not be its real goals
- D) a company's real goals are derived from its mission statement

Answer: C

Diff: 2

AACSB: Application of knowledge

Learning Obj: LO 8.4: Compare and contrast approaches to objective setting.

Classification: Application

73) In traditional goal setting, goals set by top managers flow down through the organization and become subgoals for each organizational area.

Answer: TRUE

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 8.4: Compare and contrast approaches to objective setting.

Classification: Concept

74) In the management by objectives (MBO) process of goal setting, goals are ambiguous, giving managers and employees more flexibility to respond to changing conditions.

Answer: FALSE

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 8.4: Compare and contrast approaches to objective setting.

Classification: Concept

75) When organizational members are more actively involved in planning, the probability that the plan will be used increases.

Answer: TRUE

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 8.4: Compare and contrast approaches to objective setting.

Classification: Concept

76) As managers plan, they develop both goals and plans.

Answer: TRUE

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 8.4: Compare and contrast approaches to objective setting.

Classification: Concept

77) Most businesses have only the single goal of making profits.

Answer: FALSE

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 8.4: Compare and contrast approaches to objective setting.

Classification: Concept

78) Strategic goals focus exclusively on the financial performance of the organization.

Answer: FALSE

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 8.4: Compare and contrast approaches to objective setting.

Classification: Concept

79) Stated goals are those that an organization actually pursues.

Answer: FALSE

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 8.4: Compare and contrast approaches to objective setting.

Classification: Concept

80) In a short essay, define management by objectives (MBO) and list four elements of this type of goal setting.

Answer: Management by objectives (MBO) is a management system in which specific performance goals are jointly determined by employees and their managers, progress toward accomplishing these goals is periodically reviewed, and rewards are allocated on the basis of this progress. Rather than using goals only as controls, MBO uses them to motivate employees as well. Management by objectives consists of four elements: goal specificity, participative decision making, an explicit time period, and performance feedback. Its appeal lies in its focus on employees working to accomplish goals they have had a hand in determining.

Diff: 2

AACSB: Reflective thinking; Written and oral communication

Learning Obj: LO 8.4: Compare and contrast approaches to objective setting.

Classification: Concept

81) Distinguish between the stated and the real goals of an organization. Illustrate the difference with an example.

Answer: An organization's stated goals are official statements of what an organization says, and what it wants its stakeholders to believe, its goals are. However, stated goals-which can be found in an organization's charter, annual report, public relations announcements, or in public statements made by managers-are often conflicting and influenced by what various stakeholders think organizations should do. Such statements are vague and probably better represent management's public relations skills than being meaningful guides to what the organization is actually trying to accomplish. It shouldn't be surprising then to find that an organization's stated goals are often irrelevant to what actually goes on. If you want to know an organization's real goals-those goals an organization actually pursues-observe what organizational members are doing. Actions define priorities. For example, a company may publicly commit to increasing worker participation in management, while actually practicing a hierarchical, top-down approach. Knowing that real and stated goals may differ is important for recognizing what you might otherwise think are inconsistencies.

Diff: 3

AACSB: Reflective thinking; Written and oral communication

Learning Obj: LO 8.4: Compare and contrast approaches to objective setting.

Classification: Concept

82) Environmental scanning refers to an organization's _____.

- A) social consciousness with regard to sustainability
- B) adoption of tools to measure its carbon footprint
- C) screening vast amounts of information to detect trends
- D) ability to focus solely on potential political change.

Answer: C

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 8.5: Discuss contemporary issues in planning.

Classification: Concept

83) Competitive intelligence refers to _____.

- A) the collective intelligence of a firm's primary competitors
- B) gathering information about competitors to help you anticipate their actions
- C) reacting to competitor strategies as they unfold in the market
- D) gathering information about your competitors by any possible means

Answer: B

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 8.5: Discuss contemporary issues in planning.

Classification: Concept

84) Which of these sources can managers ethically use to gather information about their competitors?

- A) Press releases, annual reports, Internet searches.
- B) Press releases, private detectives, industry studies.
- C) Fired employees, posing as a potential customer.
- D) Searching through a firm's trash, annual reports.

Answer: A

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 8.5: Discuss contemporary issues in planning.

Classification: Concept

85) One example of competitive intelligence occurs in professional sports where _____

- A) coaches hire people to watch the practices of opponents
- B) team managers hire experts to help read lips to determine the play
- C) reporters ask questions to determine next week's game strategy
- D) most teams combine scouting reports and other analytics

Answer: C

Diff: 3

AACSB: Reflective thinking

Learning Obj: LO 8.5: Discuss contemporary issues in planning.

Classification: Concept

86) Technology makes it _____.

- A) easier to conduct environmental scanning
- B) more challenging to conduct environmental scanning due to the amount of information
- C) harder to keep up with any changes a competitor makes
- D) easier to engage in unethical data collection

Answer: A

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 8.5: Discuss contemporary issues in planning.

Classification: Concept

87) Many businesses _____ help firms engage in environmental scanning.

- A) illegally monitor public information to
- B) will monitor competitors to
- C) collect and sell data that can
- D) unethically

Answer: C

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 8.5: Discuss contemporary issues in planning.

Classification: Concept

88) How can managers effectively plan when the external environment is continually changing?

- A) They should discontinue formal planning.
- B) They should set general, but rigid plans.
- C) They should be ready to change directions if environmental conditions warrant.
- D) They should continue to follow the set organizational plans as persistence will eventually pay.

Answer: C

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 8.5: Discuss contemporary issues in planning.

Classification: Concept

89) A manager's analysis of the external environment can be improved by _____, which involves screening information to detect emerging trends.

- A) environmental scanning
- B) environmental activism
- C) critical path analysis
- D) social screening

Answer: A

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 8.5: Discuss contemporary issues in planning.

Classification: Concept

90) _____ refers to gathering information about competitors that allows managers to anticipate competitors' actions rather than merely react to them.

- A) Due diligence
- B) Competitor intelligence
- C) Data aggregation
- D) Value analysis

Answer: B

Diff: 1

AACSB: Reflective thinking

Learning Obj: LO 8.5: Discuss contemporary issues in planning.

Classification: Concept

91) Which one of the following statements is true of competitive intelligence as a means of environmental scanning?

- A) The Competitive Espionage Act makes it a crime in the United States to engage in competitive intelligence.
- B) It is unethical to use competitive intelligence to make strategic business decisions.
- C) Competitive intelligence is ethical if competitor-related information is collected from sources accessible and available to the public.
- D) Buying competitors' products and asking their own employees to evaluate them to learn about new technical innovations is an example of the unethical practices followed in competitive intelligence.

Answer: C

Diff: 2

AACSB: Reflective thinking; Ethical understanding and reasoning

Learning Obj: LO 8.5: Discuss contemporary issues in planning.

Classification: Concept

92) _____ involves the theft of proprietary materials or trade secrets by any means.

- A) Corporate espionage
- B) Business intelligence
- C) Data mining
- D) Data aggregation

Answer: A

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 8.5: Discuss contemporary issues in planning.

Classification: Concept

93) Which one of the following would be a legal and ethical source of business intelligence?

- A) Competitors' financial data
- B) Information provided by a former employee
- C) Memos found in a business's trash
- D) Posts on social media

Answer: A

Diff: 3

AACSB: Application of knowledge; Analytical thinking; Ethical understanding and reasoning

Learning Obj: LO 8.5: Discuss contemporary issues in planning.

Classification: Application

94) Firms can monitor, and potentially influence, proposed legislative and political changes through the use of lobbyists.

Answer: TRUE

Diff: 2

AACSB: Reflective thinking; Ethical understanding and reasoning

Learning Obj: LO 8.5: Discuss contemporary issues in planning.

Classification: Concept

95) Patent reports can provide a firm with information on social changes.

Answer: FALSE

Diff: 2

AACSB: Reflective thinking; Ethical understanding and reasoning

Learning Obj: LO 8.5: Discuss contemporary issues in planning.

Classification: Concept

96) General economic news has almost no value to managers since the firm cannot influence economic activity.

Answer: FALSE

Diff: 2

AACSB: Reflective thinking; Ethical understanding and reasoning

Learning Obj: LO 8.5: Discuss contemporary issues in planning.

Classification: Concept

97) Debriefing your own sales staff is a good way to glean information about competitors.

Answer: TRUE

Diff: 2

AACSB: Reflective thinking; Ethical understanding and reasoning

Learning Obj: LO 8.5: Discuss contemporary issues in planning.

Classification: Concept

98) Competitive intelligence is the same thing as corporate espionage.

Answer: FALSE

Diff: 2

AACSB: Reflective thinking; Ethical understanding and reasoning

Learning Obj: LO 8.5: Discuss contemporary issues in planning.

Classification: Concept

99) One good way to gain competitive advantage is to spread inaccurate information about your firm.

Answer: FALSE

Diff: 2

AACSB: Reflective thinking; Ethical understanding and reasoning

Learning Obj: LO 8.5: Discuss contemporary issues in planning.

Classification: Concept

100) Mergers between two competitors really have no impact on your business.

Answer: FALSE

Diff: 2

AACSB: Reflective thinking; Ethical understanding and reasoning

Learning Obj: LO 8.5: Discuss contemporary issues in planning.

Classification: Concept

101) One planning tool that emerged from the video game industry is virtual reality.

Answer: TRUE

Diff: 2

AACSB: Reflective thinking; Ethical understanding and reasoning

Learning Obj: LO 8.5: Discuss contemporary issues in planning.

Classification: Concept

102) Much competitor intelligence is available from public sources, but it is illegal to use it to gain a competitive advantage.

Answer: FALSE

Diff: 2

AACSB: Reflective thinking; Ethical understanding and reasoning

Learning Obj: LO 8.5: Discuss contemporary issues in planning.

Classification: Concept

103) Business intelligence is the same thing as competitor intelligence

Answer: FALSE

Diff: 2

AACSB: Reflective thinking

Learning Obj: LO 8.5: Discuss contemporary issues in planning.

Classification: Concept

104) There is a fine line between what is legal and ethical and what is legal but unethical.

Answer: TRUE

Diff: 1

AACSB: Reflective thinking; Ethical understanding and reasoning

Learning Obj: LO 8.5: Discuss contemporary issues in planning.

Classification: Concept

105) What is competitor intelligence? Identify some of the sources of competitor intelligence. Discuss the legal and ethical issues related to this concept.

Answer: Competitor intelligence involves gathering information about competitors that allows managers to anticipate competitors' actions rather than merely react to them. It is one of the fastest-growing forms of environmental scanning. It seeks basic information about competitors: Who are they? What are they doing? How will what they're doing affect us?

Advertisements, promotional materials, press releases, reports filed with government agencies, annual reports, want ads, newspaper reports, information on the Internet, and industry studies are readily accessible sources of information. Specific information on an industry and associated organizations is increasingly available through electronic databases.

Managers can literally tap into this wealth of competitor information by purchasing access to databases. Attending trade shows and debriefing your own sales staff also can be good sources of information on competitors. In addition, many organizations even regularly buy competitors' products and ask their own employees to evaluate them to learn about new technical innovations. Managers do need to be careful about the way information, especially competitor intelligence, is gathered to prevent any concerns about whether it's legal or ethical. Difficult decisions about competitor intelligence arise because often there's a fine line between what's considered legal and ethical and what's considered legal but unethical. Some people or companies will go to any lengths—some unethical—to get information about competitors. Many who study competitor intelligence suggest that much of the competitor-related information managers need to make crucial strategic decisions that are available and accessible to the public. In other words, competitor intelligence isn't corporate espionage.

Diff: 3

AACSB: Reflective thinking; Written and oral communication

Learning Obj: LO 8.5: Discuss contemporary issues in planning.

Classification: Concept

106) Discuss ways that virtual reality might affect an organization in the future.

Answer: Virtual reality could help the organization save a lot of money on travel by using this technology to interview job candidates, hold virtual meetings with people in different geographic regions, or conduct complex job trainings. This tool could be very useful for product design and office and plant layout decisions. Several industries, including airlines and financial services, currently use virtual reality to visualize and/or simplify complex topics or designs.

Diff: 3

AACSB: Reflective thinking; Written and oral communication

Learning Obj: LO 8.5: Discuss contemporary issues in planning.

Classification: Concept