

Exam

Name _____

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

- 1) Control is the process of monitoring, comparing, and correcting work performance. 1) _____
Answer: ☒ True ☐ False
- 2) The value of the control function lies in its relation to organizational structure. 2) _____
Answer: ☐ True ☒ False
- 3) Managers need to control to protect the organization and its assets. 3) _____
Answer: ☒ True ☐ False
- 4) The control process is a two-step process that compares actual performance against a standard and takes managerial action to correct deviations or inadequate standards. 4) _____
Answer: ☐ True ☒ False
- 5) Some control criteria, such as employee satisfaction, are applicable to any management situation. 5) _____
Answer: ☒ True ☐ False
- 6) Deviations that exceed the acceptable range of variation become significant and need the manager's attention. 6) _____
Answer: ☒ True ☐ False
- 7) Understating sales is not nearly as troublesome as overstating them. 7) _____
Answer: ☐ True ☒ False
- 8) In taking managerial actions, managers must correct actual performance, as it is the only choice. 8) _____
Answer: ☐ True ☒ False
- 9) Basic corrective action is aimed at correcting more generalized problems as quickly as possible, leaving more detailed action for later. 9) _____
Answer: ☐ True ☒ False
- 10) Effective managers analyze deviations and, when the benefits justify it, take the time to pinpoint and correct the causes of variance. 10) _____
Answer: ☒ True ☐ False
- 11) Performance is the end result of an activity. 11) _____
Answer: ☒ True ☐ False
- 12) The most frequently used organizational performance measures include liquidity, profitability, leverage, and activity ratios. 12) _____
Answer: ☐ True ☒ False
- 13) What guides managerial decisions in designing strategies and work activities and in coordinating the work of employees is how well the organization meets its goals. 13) _____
Answer: ☒ True ☐ False
- 14) There are no company rankings in the Arab world similar to Fortune's "Best Companies to Work For". 14) _____
Answer: ☐ True ☒ False

- 15) The key to feedforward controls is taking action while the problem is occurring. 15) _____
Answer: True ☒ False
- 16) Feedforward provides managers with meaningful information on how effective their planning efforts were. 16) _____
Answer: True ☒ False
- 17) Concurrent control prevents anticipated problems since it takes place before the actual activity. 17) _____
Answer: True ☒ False
- 18) Direct supervision is the best-known form of concurrent control. 18) _____
Answer: ☒ True False
- 19) Concurrent control relies on feedback. 19) _____
Answer: True ☒ False
- 20) In feedback control, the control takes place after the activity is done. 20) _____
Answer: ☒ True False
- 21) An example of feedback control is management by walking around. 21) _____
Answer: True ☒ False
- 22) When organizations "manage" earnings, they "time" income and expenses to enhance current financial performance. 22) _____
Answer: ☒ True False
- 23) External controls have been enacted to address some of the problems that have occurred because of "managed" earnings. 23) _____
Answer: ☒ True False
- 24) Managers can focus on measuring only one performance area because it presents them with the big picture. 24) _____
Answer: True ☒ False
- 25) Managers of foreign companies tend to be less controlled directly by the home office. 25) _____
Answer: ☒ True False
- 26) Employers are allowed by law to tap your work telephone without your knowledge. 26) _____
Answer: ☒ True False
- 27) *Hawkamah*, the Corporate Governance Institute, was established to endorse corporate sector reform and good governance. 27) _____
Answer: ☒ True False

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 28) What is the final step in the management process? 28) _____
A) controlling B) planning C) leading D) organizing
Answer: A
- 29) Many managers are tempted to do things themselves and avoid _____. 29) _____
A) leading B) controlling C) planning D) empowering

Answer: D

- 30) The control process assumes that _____. 30) _____
- A) performance standards must be created
 - B) employees require constant direction from management
 - C) performance standards are already in place
 - D) employee monitoring costs are part and parcel of doing business

Answer: C

- 31) The first step in the control process is _____. 31) _____
- A) taking managerial action
 - B) setting standards
 - C) measuring performance
 - D) comparing performance against expectations

Answer: C

- 32) What common source of information for measuring performance has the disadvantages of being subject to personal biases, time consuming, and obtrusive? 32) _____
- A) oral reports
 - B) statistical reports
 - C) written reports
 - D) personal observations

Answer: D

- 33) What common source of information for measuring performance has the advantages of being easy to visualize and effective for showing relationships? 33) _____
- A) statistical reports
 - B) personal observations
 - C) written reports
 - D) oral reports

Answer: A

- 34) What common source of information for measuring performance has the disadvantage of being provided with filtered information that can't be documented? 34) _____
- A) oral reports
 - B) written reports
 - C) personal observations
 - D) statistical reports

Answer: A

- 35) What common source of information for measuring performance has the advantages of being comprehensive, formal, and easy to file and retrieve? 35) _____
- A) personal observations
 - B) written reports
 - C) oral reports
 - D) statistical reports

Answer: B

- 36) Some control criteria need to recognize _____. 36) _____
- A) the diversity of activities that managers do
 - B) and reward exceptional employee performance
 - C) employees' rights to privacy
 - D) the costs of monitoring and measuring performance

Answer: A

- 37) When a performance indicator can't be stated in quantifiable terms, managers should _____. 37) _____
- A) have no standards at all
 - B) use objective measures
 - C) ignore the control function
 - D) use subjective measures

Answer: D

- 38) What is defined as the acceptable parameters of variance between actual performance and the standard? 38) _____
A) basic corrective action B) range of variation
C) productivity D) performance
Answer: B
- 39) In the third and final step in the control process, managers can choose between _____ possible courses of action in taking managerial action. 39) _____
A) five B) two C) three D) four
Answer: C
- 40) What corrects problems at once to get performance back on track? 40) _____
A) standard revision B) immediate corrective action
C) basic corrective action D) range of variation
Answer: B
- 41) When should a manager's course of action be to do nothing? 41) _____
A) When the variance is acceptable.
B) When the cause of the variation has been identified.
C) When the standard is acceptable.
D) When the standard is not acceptable.
Answer: A
- 42) If a manager investigates how and why performance has deviated beyond the acceptable range of variation, and then corrects the source of the deviation, she is using _____. 42) _____
A) basic corrective action B) immediate corrective action
C) remedial corrective action D) bureaucratic control
Answer: A
- 43) If employees or managers don't meet the standard, the first thing they're likely to accuse is _____. 43) _____
A) their performance B) the standard
C) the organization D) their coworkers
Answer: B
- 44) When should the manager's course of action be to revise the standard? 44) _____
A) When the cause of the variation has been identified
B) When the variance is acceptable
C) When the standard is not acceptable
D) When the standard is acceptable
Answer: C
- 45) The accumulated end results of all the organization's work activities are called _____. 45) _____
A) scenario planning B) environmental scanning
C) organizational planning D) organizational performance
Answer: D
- 46) _____ is a measure of how appropriate organizational goals are and how well an organization is achieving those goals. 46) _____
A) Competitor analysis B) Environmental scanning
C) Situational effectiveness D) Organizational effectiveness
Answer: D

47) *Fortune's* 100 Best Companies to Work For are chosen by answers given by thousands of randomly selected employees on a questionnaire called the _____. 47) _____

- A) Economic Analysis Survey
- B) American Customer Satisfaction Index (ASCI)
- C) Great Place to Work® Trust Index®
- D) Kiersey Temperament Sorter

Answer: C

48) A l l o f _____ 48) _____
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- A) "Top 50 GCC Companies"
- B) "Top 100 Arab Workplaces That You Can Trust"
- C) "Top 500 Arab Companies"
- D) "50 Most Admired Arab Companies"

Answer: B

49) The Emirates Group reports that it has a diverse workforce comprised of over _____ nationalities. 49) _____

- A) 100
- B) 150
- C) 175
- D) 125

Answer: B

50) Rotana Hotels implements centralization of recruitment; paying special attention to recruitment prevents the company from hiring the wrong people and thus prevents mistakes being made in the future. This describes which type of control? 50) _____

- A) Concurrent control.
- B) Feedforward control.
- C) Feedback control.
- D) Fast-forward control.

Answer: B

51) The Qatar Financial Markets Authority puts certain requirements on listed companies regarding what they need to disclose in their financial statements. This highlights any problems which the company needs to fix in the future. This describes what type of control? 51) _____

- A) Feedforward control
- B) Fast-forward control
- C) Feedback control
- D) Concurrent control

Answer: C

52) What is the most desirable type of control that prevents anticipated problems? 52) _____

- A) fast-forward control
- B) feedback control
- C) concurrent control
- D) feedforward control

Answer: D

53) _____ is a term used to describe when a manager is out in the work area interacting directly with employees. 53) _____

- A) Concurrent control
- C) Work area management

- B) Direct interaction
- D) Management by walking around

Answer: D

54) An organization that hires additional personnel as soon as a major contract has been awarded is using which control system? 54) _____

- A) management control
- C) feedback control

- B) concurrent control
- D) feedforward control

Answer: D

55) Control that takes place while an activity is in progress is known as which of the following? 55) _____

- A) management control
- C) feedback control

- B) concurrent control
- D) feedforward control

Answer: B

56) The most popular type of control is _____ control. 56) _____

- A) feedback
- B) feedforward
- C) concurrent
- D) budgetary

Answer: A

57) The _____ ratios measure an organization's ability to meet its **current debt obligations**. 57) _____

- A) leverage
- B) conformance
- C) activity
- D) liquidity

Answer: D

58) Which of the following ratios examines an organization's use of debt to finance its assets and its ability to meet the **interest** payments on the debt? 58) _____

- A) leverage ratios
 - C) liquidity ratios
- B) conformance ratios
 - D) activity ratios

Answer: A

59) The _____ ratios measure how **efficiently** a firm is using its assets. 59) _____

- A) conformance
- B) activity
- C) liquidity
- D) leverage

Answer: B

60) Which of the following ratios measures how **efficiently and effectively** a firm is using its assets to generate profits? 60) _____

- A) liquidity ratios
 - C) leverage ratios
- B) conformance ratios
 - D) profitability ratios

Answer: D

61) _____ provides managers with quantitative standards against which to measure and compare resource allocation. 61) _____

- A) TQM
 - C) A budget
- B) Reengineering
 - D) An organization chart

Answer: C

62) The _____ approach to performance measurement was introduced as a way to evaluate organizational performance from more than just the financial perspective. 62) _____

- A) information control
- B) market value added

C) economic valued added

D) balanced scorecard

Answer: D

63) Which of the following is a performance measurement tool that looks at four areas that contribute to a company's performance? 63) _____

A) information control

B) economic value added

C) market value added

D) balanced scorecard

Answer: D

64) The balanced scorecard is an approach that looks at four areas in the organization, financial, customer, internal processes, and _____ that contribute to a company's performance. 64) _____

A) debt

B) shareholder value

C) people/innovation/growth assets

D) managerial decision making

Answer: C

65) Managers need _____ to monitor organizational performance and to control organizational activities. 65) _____

A) time

B) information

C) data

D) control analysis systems

Answer: B

66) A(n) _____ is defined as a system used to provide management with needed information on a regular basis. 66) _____

A) management information system

B) artificial intelligence system

C) data entry system

D) expert system

Answer: A

67) Which of the following is not related to the meaning of management information systems? 67) _____

A) It provides managerial information on a regular basis.

B) It provides data and information.

C) The word "system" implies order, arrangement, and purpose.

D) To be considered a system, it needs to be on a computer and not manually regulated.

Answer: D

68) Which of following terms would be associated with data and not with information? 68) _____

A) raw

B) ordered

C) analyzed

D) processed

Answer: A

69) When data are analyzed and processed, they become _____. 69) _____

A) economically viable

B) a system

C) factual

D) information

Answer: D

70) _____ is the search for the best practices among competitors or noncompetitors that lead to their superior performance. 70) _____

A) Correlating

B) Benchmarking

C) Factoring

D) Situating

Answer: B

71) The _____ is the standard of excellence against which to measure and compare. 71) _____

A) benchmark

B) Good Housekeeping Seal

C) market leader

D) service excellence award

Answer: A

- 72) Research suggests that best practices frequently already exist within an organization, _____. 72) _____
- A) making formalized benchmarking a redundant and costly task
 - B) but various managerial biases prevent them from being enacted
 - C) and are being used
 - D) but often go unidentified

Answer: D

- 73) The differences seen in organizational control systems of global organizations are primarily in the _____. 73) _____
- A) measurement and comparison steps of the control process
 - B) measurement and corrective action steps of the control process
 - C) corrective action step of the control process
 - D) comparison step of the control process

Answer: B

- 74) The laws in some countries can constrain organizational control by not allowing organizations to _____. 74) _____
- A) bring money into the country
 - B) bring in a new management team from outside the country
 - C) open facilities
 - D) hire employees

Answer: B

- 75) Managers monitor electronic mail because _____. 75) _____
- A) they are nosy
 - B) they want to be sure that employees don't spread rumors about the company
 - C) they are not concerned about employee privacy
 - D) it helps ensure that company trade secrets are not being leaked

Answer: D

- 76) One reason why it might be hard for a company to compare the labor costs of its facility in Jordan with the labor costs of its facility in Algeria is that _____. 76) _____
- A) educational levels of the Jordanian employees may be different to those of the Algerian employees
 - B) the Jordanian facility might be more labor intensive than its Algerian counterpart.
 - C) Jordanian employees display different behavior and attitudes to Algerian employees
 - D) inflation rates in Jordan are different to those found in Algeria

Answer: B

- 77) Up to _____ of all theft and fraud is committed by firm employees, not outsiders. 77) _____
- A) 50 percent B) 33 percent C) 85 percent D) 75 percent

Answer: C

- 78) Clinical psychologists argue that employee theft _____. 78) _____
- A) happens because many people can find ways to rationalize this behavior
 - B) is a symptom of deeper control issues and is not the real problem
 - C) occurs primarily when there are poor management-labor relations
 - D) reflects deep problems in the greater society

Answer: A

- 79) Factors that have been found to be linked to workplace violence include _____. 79) _____

A) poor personal hygiene

C) employee stress

Answer: C

B) poor diet

D) too much caffeine

80) TNC refers to _____.

A) Time, Numbers, and Chaos

C) Time, Numbers, and Crises

Answer: C

B) Time, Neglect, and Crises

D) Time, Neglect, and Chaos

80) _____

81) The service profit chain is the service sequence from employees to customers to profit.

According to this concept, the company's strategy and service delivery system determines _____.

A) employee retention

B) how the firm performs in the short run

C) how employees service customers

D) how committed the firm is to its customers

Answer: C

81) _____

82) Corporate governance is _____.

A) another name for executive management

B) a term that refers to legal agreements made between two or more partner firms

C) primarily a problem facing U.S. firms

D) a system used to protect the rights of shareholders

Answer: D

82) _____

83) Two areas in which the corporate governance is being reformed are the role of boards of directors and _____.

A) awarding of employee stock options

B) executive compensation

C) upper management

D) financial reporting

Answer: D

83) _____

84) When a company like the Savola Group establishes a corporate governance committee, it aims at reinforcing the control role played by the company's _____.

A) top management team

B) chief executive officer

C) lawyers

D) board of directors

Answer: D

84) _____

Bahrul Kabeer's Control (Scenario)

Bahrul Kabeer, Inc., is a statistical software company based in Kuwait. This publicly traded firm has grown in a systematic fashion over its 25 year existence and now claims more than 12,000 employees worldwide. As it has grown, the company has adopted a hierarchical structure, which emphasizes organizational authority. Management relies heavily on administrative rules, regulations, and policies in order to meet its goals. However, the company has struggled to meet projected revenues for each of the past 10 quarters. While it is true that world financial markets have been in a free-fall over the past three years, demand for the firm's products has typically been fairly recession-proof in the past. The board of directors is growing increasingly impatient with the management team. The firm's president, Samira is concerned that recent performance indicates that management has lost control of the workforce. She has hired Majid, an expert in control system design, to evaluate Bahrul Kabeer, Inc., and offer suggestions to improve the firm's performance.

85) Samira asks how management will know whether the new control system is working. Majid tells Samira that final judgments regarding the effectiveness of a control system rests upon _____.

A) how well it facilitates goal achievement

B) how well managers buy in to the new system

85) _____

- C) how well employees adhere to controls put in place
- D) the amount of thought given to setting standards in the first place

Answer: A

86) Majid asks Samira how management measures organizational performance. Samira states that they rely mainly on statistical reports, but also draw inferences from qualitative oral and written reports. Majid responds that, for most organizations and managers, using a combination of approaches _____. 86) _____

- A) indicates that management is overly cautious
- B) is an indicator of managerial indecisiveness
- C) increases "noise" in the control system
- D) increases the probability of getting reliable information

Answer: D

87) Majid is adamant in telling Samira that what management measures is much more critical to the control process than how it is measured. Samira asks why Majid feels so strongly about this. Majid responds that what the organization measures _____. 87) _____

- A) plays a large role in employee satisfaction and retention
- B) determines organizational inputs
- C) determines largely how well the organization performs
- D) determines what people in the organization will strive to excel at

Answer: D

88) After clearing up questions regarding measurement issues, Majid tells Samira that the next step in the control process is _____. 88) _____

- A) establishing standards of performance
- B) revising performance standards
- C) comparing performance to standards
- D) taking managerial action

Answer: C

89) Samira asks Majid whether, after the second step has been taken, any further steps are necessary. Majid responds, "_____." 89) _____

- A) yes, but only if performance remains unsteady
- B) no; the control process is a two-step process
- C) yes; the third step is to take managerial action
- D) yes; the third step is to compare performance to standards

Answer: C

90) If sales goals are not met, one option for Bahrul Kabeer, Inc., would be to take managerial action. For example, Majid suggests that management might look _____. 90) _____

- A) to redesign the sales compensation plan
- B) to implement a benchmarking initiative
- C) at industry standards
- D) to adjust controls for cross-cultural differences

Answer: A

91) Samira has just gotten out of a rough meeting with the board. She is looking to take immediate corrective action by letting a few heads roll in the sales department. She hopes that such a drastic move might light a fire under the remaining sales force. Majid cautions that Bahrul Kabeero's sales management has been perpetually putting out fires over the past 3 years and that it might be wiser to take basic corrective action. Samira asks Majid what he means. Majid explains that basic corrective action _____. 91) _____

- A) corrects problems at once to get performance back on track

- B) looks at how and why performance has deviated
- C) involves revising company standards
- D) involves accepting the way things are

Answer: B

The Industry Leader (Scenario)

Farid, the new CEO for Amana, is working hard to turn around the formerly successful real estate business. His goal is to make Amana a leader in the industry. Farid is currently at a meeting with senior officers and is informing them about measuring the company's performance.

- 92) Before he begins his discussion, Farid defines _____ as the accumulated end results of all the organization's work processes and activities. 92) _____

- A) environmental scanning
- B) organizational performance
- C) scenario planning
- D) organizational planning

Answer: B

- 93) Farid then explains that _____ is a measure of how appropriate organizational goals are and how well an organization is achieving those goals. 93) _____

- A) organizational effectiveness
- B) organizational performance
- C) organizational planning
- D) scenario planning

Answer: A

Financial Ratios (Scenario)

Jana was in a big hurry. She had just been given the assignment of reporting on the financial health of her company to the new divisional vice president. Dania, the new vice president, had asked Jana to work up several calculations to help her gain an understanding of the company's financial shape. Jana was working hard and had a big order to fill, one that could make or break her reputation with Dania. She quickly pulled out her old financial management textbook and turned to the chapter on financial ratios to help her answer the questions that were asked.

- 94) Dania asked Jana to provide her with an estimate of how efficiently the firm is using its assets. Therefore, Jana turned to the section in her textbook on _____ ratios. 94) _____

- A) leverage
- B) liquidity
- C) activity
- D) profitability

Answer: C

- 95) Dania also asked Jana to give her an idea of the organization's ability to meet the interest payments on its debt. Therefore, Jana looked to the section on _____ ratios. 95) _____

- A) profitability
- B) leverage
- C) liquidity
- D) activity

Answer: B

- 96) Dania was also interested in understanding the company's ability to meet short-term obligations, which meant that Jana had to calculate a(n) _____ ratio. 96) _____

- A) leverage
- B) liquidity
- C) profitability
- D) activity

Answer: B

- 97) Dania was also very interested in examining the organization's use of debt to finance its assets. Jana needed to calculate a(n) _____ ratio. 97) _____

- A) profitability
- B) activity
- C) leverage
- D) equity

Answer: C

- 98) F i n a l l y , a s h

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A) profitability

B) leverage

C) equity

D) activity

Answer: A

The Balanced Scorecard (Scenario)

Upon completing his industrial engineering degree, Najib took a position as a manager with the Bilad Mint, a manufacturer of commemorative and collectible products. Bassel, Najib's boss and the VP of operations, has been asked by the organization's CEO to look into the balanced scorecard approach of performance management to see whether this would be appropriate for the organization. In turn, Bassel has asked Najib to look into balanced scorecard approaches and report back to him.

99) The intent of the balanced scorecard is to _____. 99) _____

- A) identify which areas are most critical to the organization's success
- B) search for the best practices among competitors only
- C) create a benchmark for the company
- D) emphasize that all four areas are important to the organization's success

Answer: D

100) Najib reported that while the balanced scorecard approach to performance management makes good sense, _____. 100) _____

- A) studies have not consistently shown it to significantly improve firms' performance
- B) successful organizations tend to focus exclusively on their customers
- C) managers still tend to focus on areas that currently drive organizational success
- D) it is not widely accepted as a management tool

Answer: C

Information Controls (Scenario)

C o m p u t i
n g
S o l u t i o
n s ,
I n c . , i s
a h i g h -tech consulting firm that focuses
on helping companies to implement and adapt new technological developments in daily operations. Tarek is the
department head and needs to train Yehia and Dana, both project managers, on the proper applications of technological
solutions for businesses.

101) Before beginning the training session, Tarek informs both Yehia and Dana that _____ is a system used to provide management with needed information on a regular basis. 101) _____

- A) a system
- B) a management information system
- C) data
- D) information

Answer: B

102) Tarek also informs Yehia and Dana that the term _____ in MIS implies order, arrangement, and purpose. 102) _____

- A) system
- B) information
- C) category
- D) data

Answer: A

103) During the training session, Yehia is overwhelmed by the quantity of raw, unanalyzed facts that are being presented to him. These numbers and names can also be termed _____. 103) _____

- A) data
- B) a system
- C) information
- D) a management information system

Answer: A

- 104) When Yehia organizes and processes the raw, unanalyzed facts, he will have _____. 104) _____
- A) data B) a management information system
C) systems D) information

Answer: D

ESSAY. Write your answer in the space provided or on a separate sheet of paper.

- 105) In a short essay, detail why control is important for managers. In what areas can the value of the control function be seen?

Answer: Control is important, therefore, because it's the only way managers know whether organizational goals are being met and if not, the reasons why. The value of the control function can be seen in three specific areas: planning, empowering employees, and protecting the workplace. As the final step in the management process, controlling provides the critical link back to planning. If managers didn't control, they'd have no way of knowing whether their goals and plans were on target and what future actions to take. The second reason controlling is important is because of employee empowerment. Many managers are reluctant to empower their employees because they fear employees will do something wrong for which the manager would be held responsible. Many managers are tempted to do things themselves and avoid empowering. But an effective control system can provide information and feedback on employee performance, thus reducing potential problems. The final reason that managers control is to protect the organization and its assets. Today's environment brings heightened threats from natural disasters, financial scandals, workplace violence, supply chain disruptions, security breaches, and even possible terrorist attacks. Managers must have plans in place to protect the organization's employees, facilities, data, and infrastructure. As many organizations discovered in the aftermath of catastrophes, such as 9/11 and Hurricane Katrina, having comprehensive controls and backup plans helps assure only minimal disruptions of their ongoing business operations.

- 106) In a short essay, list and briefly explain the steps, processes, and best practices managers typically utilize in the control process. Provide examples where appropriate.

Answer: a. Measuring—the first step in the control process is measuring. Most jobs and activities can be expressed in tangible and measurable terms. However, managers frequently use a variety of sources of information to measure actual performance, such as personal observation, statistical reports, oral reports, and written reports. For most managers, using a combination of approaches increases both the number of input sources and the probability of getting reliable information.

b. Comparing—the second step involves determining the degree of variation between actual performance and the prespecified standard. Some variation is to be expected. However, it is important for managers to determine the acceptable range of variation.

c. Taking managerial action—managers can choose among three possible courses of action: do nothing, correct the actual performance, or revise the standards. Examples of corrective actions might include changing strategy, structure, compensation plans, training programs, redesigning jobs, or firing employees. Revising standards is an appropriate response if the variance was the result of unrealistic expectations. However, revising standards downwards can be troublesome when an employee or work unit fall short of reaching a goal. If they don't meet the standard, their natural response is to attack the standard. If the manager believes the standard is fair, they should explain their position, reaffirm their desire for the employee or work unit to meet the standard, and then take necessary corrective action to turn that expectation into reality.

- 107) In a short essay, describe the most frequently used organizational performance measures.

Answer: a. Organizational effectiveness—organizational effectiveness is a measure of how appropriate organizational goals are and how well an organization is achieving those goals. It's a common performance measure used by managers. Other descriptions of organizational effectiveness have been suggested by management researchers. For instance, the systems resource model of organizational

effectiveness proposes that effectiveness is measured by the organization's ability to exploit its environment in acquiring scarce and valued resources. The process model emphasizes the transformation processes of the organization and how well the organization converts inputs into desired

outputs. And the multiple constituencies model says that several different effectiveness measures should be used, reflecting the different criteria of the organization's constituencies. Although each of these models is useful for measuring certain aspects of organizational effectiveness, the bottom line for managers continues to be how well the organization meets its goals. That's what guides managerial decisions in designing strategies and work activities and in coordinating the work of employees. Industry and company rankings—there's no shortage of different types of industry and company rankings. For instance, *Fortune's* Top Performing Companies of the *Fortune* 500 are determined by financial results including, for example, profits, return on revenue, and return on shareholder's equity; growth in profits for 1, 5, and 10 years; and revenues per employee, revenues per dollar of assets, and revenues per dollar of equity. *Fortune's* 100 Best Companies to Work For are chosen by answers given by thousands of randomly selected employees on a questionnaire called "The Great Place to Work® Trust Index®," on materials filled out by thousands of company managers including a corporate culture audit created by the Great Place to Work Institute, and on a human resources questionnaire designed by Hewitt Associates. *Industry Week's* Best Managed Plants are determined by organizational accomplishments and demonstrations of superior management skills in the areas of financial performance, innovation, leadership, globalization, alliances, and partnerships, employee benefits and education, and community involvement.

108) In a short essay, list and discuss three of the main performance control tools used for monitoring and measuring organizational performance.

Answer: a. Feedforward, concurrent, and feedback controls—the most desirable type of control—feedforward control—prevents anticipated problems since it takes place before the actual activity. Concurrent control, as its name implies, takes place while an activity is in progress. The most popular type of control relies on feedback. In feedback control, the control takes place after the activity is done.

b. Financial controls—one of the primary purposes of every business firm is to earn a profit. In pursuit of this objective, managers need financial controls. They might perform several financial ratio tests to ensure that sufficient cash is available to pay ongoing expenses, that debt levels haven't become too high, or that assets are being used productively. Or, they might look at some newer financial control tools such as Market Value Added (MVA) to see if the company's market value is greater than the capital invested in it.

c. Balanced scorecard—this is a performance measurement that was introduced as a way to evaluate organizational performance from more than just the financial perspective. The balanced scorecard is a performance measurement tool that looks at four areas—financial, customer, internal processes, and people/innovation/growth assets—that contribute to a company's performance. According to this approach, managers should develop goals in each of the four areas and measure to determine if these goals are being met.

d. Information controls—information can be critical to monitoring and measuring an organization's performance. Managers need the right information at the right time and in the right amount. Inaccurate, incomplete, excessive, or delayed information will seriously impede performance.

e. Benchmarking of best practices—benchmarking is the search for the best practices among competitors or noncompetitors that lead to their superior performance. At its most fundamental level, benchmarking means learning from others. As a tool for monitoring and measuring organizational performance, benchmarking can be used to help identify specific performance gaps and potential areas for improvement.

109) In a short essay, explain feedforward, concurrent, and feedback controls and provide an example for each one.

Answer: **Feedforward Control** is the most desirable type of control. It prevents anticipated problems since it takes place before the actual activity. For example when McDonald's opened its first restaurant in Moscow, it sent company quality control experts to help Russian farmers learn techniques for growing

high-quality potatoes and to help bakers learn processes for baking high-quality breads. Why? McDonald's demands

consistent product quality no matter the geographical location.

Concurrent control, as its name implies, takes place while an activity is in progress. When control occurs while the work is being performed, management can correct problems before they come too costly. For Example, when managers use direct supervision, or 'management by walking around', (when a manager is out in the work area interacting directly with employees).

Feedback Control is the most popular type of control relies on feedback. In feedback control, the control takes place *after* the activity is done. For example- a mint that discovered a flaw in its coins would make that discovery using feedback control. The damage would already be done even if the organization corrected the problem once it was discovered.

110) In a short essay, describe workplace privacy concerns for managers today.

Answer: Employers can (and do), among other things, read your e-mail (even those marked "personal or confidential"), tap your telephone, monitor your work by computer, store and review computer files, monitor you in an employee bathroom or dressing room, and track your whereabouts in a company vehicle. Why do managers feel they must monitor what employees are doing? A big reason is that employees are hired to work, not to surf the web checking stock prices, placing bets at online casinos, or shopping for presents for family or friends. Recreational on-the-job web surfing is thought to cost billions of dollars in lost work productivity annually. Another reason that managers monitor employee email and computer usage is that they don't want to risk being sued for creating a hostile workplace environment because of offensive messages or an inappropriate image displayed on a coworker's computer screen. Finally, managers want to ensure that company secrets aren't being leaked. In addition to typical e-mail and computer usage, companies are beginning to monitor instant messaging and even banning camera phones in the office.

111) In a short essay, define corporate governance and describe some of the current trends in this area.

Answer: Corporate governance is the system used to govern a corporation so that the interests of corporate owners are protected. In response to several recent business scandals, two areas in which corporate governance is being reformed are the role of boards of directors and financial reporting. The cozy, quid pro quo composition of corporate boards, where board members are frequently peers of other corporations, is changing considerably. Since the passage of the Sarbanes–Oxley Act of 2002, demands on board members of publicly traded companies in the United States have increased considerably. The same sorts of pressures have been put on boards of directors across the Arab region. Hawkamah, the Corporate Governance Institute, was established to endorse corporate sector reform and good governance, and support the countries of the Middle East region in developing and implementing sustainable Corporate Governance strategies. Its purpose includes shaping corporate governance practices and framework throughout the region by promoting the core values of transparency, accountability, fairness, disclosure and responsibility. It holds several events such as workshops and seminars to reinforce the concept of corporate governance.

In addition to expanding the role of boards of directors, new laws are calling for more disclosure and transparency of corporate financial information. Such changes have led to better information—that is, information that is more accurate and reflective of a company's financial condition. In fulfilling their financial reporting responsibilities, managers might want to follow the principles developed by their country officials. For instance, in the UAE; firms should follow laws enacted by the United Arab Emirates (UAE) Code of Corporate Governance.

- 1) TRUE
- 2) FALSE
- 3) TRUE
- 4) FALSE
- 5) TRUE
- 6) TRUE
- 7) FALSE
- 8) FALSE
- 9) FALSE
- 10) TRUE
- 11) TRUE
- 12) FALSE
- 13) TRUE
- 14) FALSE
- 15) FALSE
- 16) FALSE
- 17) FALSE
- 18) TRUE
- 19) FALSE
- 20) TRUE
- 21) FALSE
- 22) TRUE
- 23) TRUE
- 24) FALSE
- 25) TRUE
- 26) TRUE
- 27) TRUE
- 28) A
- 29) D
- 30) C
- 31) C
- 32) D
- 33) A
- 34) A
- 35) B
- 36) A
- 37) D
- 38) B
- 39) C
- 40) B
- 41) A
- 42) A
- 43) B
- 44) C
- 45) D
- 46) D
- 47) C
- 48) B
- 49) B
- 50) B
- 51) C

- 52) D
- 53) D
- 54) D
- 55) B
- 56) A
- 57) D
- 58) A
- 59) B
- 60) D
- 61) C
- 62) D
- 63) D
- 64) C
- 65) B
- 66) A
- 67) D
- 68) A
- 69) D
- 70) B
- 71) A
- 72) D
- 73) B
- 74) B
- 75) D
- 76) B
- 77) C
- 78) A
- 79) C
- 80) C
- 81) C
- 82) D
- 83) D
- 84) D
- 85) A
- 86) D
- 87) D
- 88) C
- 89) C
- 90) A
- 91) B
- 92) B
- 93) A
- 94) C
- 95) B
- 96) B
- 97) C
- 98) A
- 99) D
- 100) C
- 101) B
- 102) A
- 103) A

104) D

105) Control is important, therefore, because it's the only way managers know whether organizational goals are being met and if not, the reasons why. The value of the control function can be seen in three specific areas: planning, empowering employees, and protecting the workplace. As the final step in the management process, controlling provides the critical link back to planning. If managers didn't control, they'd have no way of knowing whether their goals and plans were on target and what future actions to take. The second reason controlling is important is because of employee empowerment. Many managers are reluctant to empower their employees because they fear employees will do something wrong for which the manager would be held responsible. Many managers are tempted to do things themselves and avoid empowering. But an effective control system can provide information and feedback on employee performance, thus reducing potential problems. The final reason that managers control is to protect the organization and its assets. Today's environment brings heightened threats from natural disasters, financial scandals, workplace violence, supply chain disruptions, security breaches, and even possible terrorist attacks. Managers must have plans in place to protect the organization's employees, facilities, data, and infrastructure. As many organizations discovered in the aftermath of catastrophes, such as 9/11 and Hurricane Katrina, having comprehensive controls and backup plans helps assure only minimal disruptions of their ongoing business operations.

- 106) a. Measuring—the first step in the control process is measuring. Most jobs and activities can be expressed in tangible and measurable terms. However, managers frequently use a variety of sources of information to measure actual performance, such as personal observation, statistical reports, oral reports, and written reports. For most managers, using a combination of approaches increases both the number of input sources and the probability of getting reliable information.
- b. Comparing—the second step involves determining the degree of variation between actual performance and the prespecified standard. Some variation is to be expected. However, it is important for managers to determine the acceptable range of variation.
- c. Taking managerial action—managers can choose among three possible courses of action: do nothing, correct the actual performance, or revise the standards. Examples of corrective actions might include changing strategy, structure, compensation plans, training programs, redesigning jobs, or firing employees. Revising standards is an appropriate response if the variance was the result of unrealistic expectations. However, revising standards downwards can be troublesome when an employee or work unit fall short of reaching a goal. If they don't meet the standard, their natural response is to attack the standard. If the manager believes the standard is fair, they should explain their position, reaffirm their desire for the employee or work unit to meet the standard, and then take necessary corrective action to turn that expectation into reality.

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- b. Industry and company rankings—there's no shortage of different types of industry and company rankings. For instance, *Fortune's* Top Performing Companies of the *Fortune* 500 are determined by financial results including, for example, profits, return on revenue, and return on shareholder's equity; growth in profits for 1, 5, and 10 years; and revenues per employee, revenues per dollar of assets, and revenues per dollar of equity. *Fortune's* 100 Best Companies to Work For are chosen by answers given by thousands of randomly selected employees on a questionnaire called "The Great Place to Work® Trust Index®," on materials filled out by thousands of company managers including a corporate culture audit created by the Great Place to Work Institute, and on a human resources questionnaire designed by Hewitt Associates. *Industry Week's* Best Managed Plants are determined by organizational accomplishments and demonstrations of superior management skills in the areas of financial

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