

TEST BANK

Chapter 1 – Organizational Change

MULTIPLE CHOICE

1. Nokia's loss of market share of U.S. cell phone business as a result of:
- a. lack of technological skills
 - b. too much focus on the growing emerging markets
 - c. conscious strategic decisions made by the company
 - d. all of the above
 - e. none of the above

(c: Moderate; p. 2)

2. Strategic renewal refers to:
- a. a change in an organization's strategy involving some combination of new products/services, new markets, and a new business model
 - b. changing senior management
 - c. renewing the existing strategy through reorganization
 - d. all of the above
 - e. none of the above

(a: Easy; p. 3)

3. Discontinuous change is:
- a. large-scale, short-term reorientation of most or all of the central aspects of organizational life customers have to be involved.
 - b. large-scale, long-term reorientation of most or all of the central aspects of organizational life customers have to be involved.
 - c. change that occurs over-time, effecting isolated parts of an organization
 - d. all of the above
 - e. none of the above

(b: Moderate; p. 5)

4. _____ directly targets patterns of employee actions and interactions in order to achieve and sustain outstanding performance.
- a. turnaround change
 - b. radical change
 - c. characteristic change
 - d. transformational change
 - e. productivity change

(d: Easy; p. 7)

5. Behavior change requires:
- a. changing what employees do and how they do it.
 - b. changing employee relationship with others.
 - c. sustainable changes.

- d. adaptive changes.
- e. all of the above

(e: Moderate; p. 7)

6. _____ refers to the setting and circumstances in which employees work.
- a. Organizational context
 - b. Organizational dynamics
 - c. Behavioral dynamics
 - d. Organizational performance
 - e. Behavioral performance

(a: Easy; p. 9)

7. When people participate in the process of defining a problem and its solution, they will be:
- a. more likely to hesitate on changing their behavior.
 - b. more likely to change their behaviors in accordance with that solution.
 - c. more likely to resist the change.
 - d. more likely to be productive.
 - e. more likely to be less productive.

(b: Moderate; p. 12)

8. Transformational change seeks to _____ employees to change their behaviors.
- a. encourage
 - b. motivate
 - c. stimulate
 - d. force
 - e. coerce

(b: Moderate; p. 8)

9. Employees often resist change because:
- a. they are often old and old people don't like change.
 - b. they are low-level employees not capable of understanding change.
 - c. it is natural to resist change.
 - d. they were not involved in the process.
 - e. all of the above

(d; Easy; pp. 11-12)

10. Managers can learn from employee resistance by:
- a. finding creative ways to squelch the resistance.
 - b. giving the employees voice.
 - c. figuring out who they should fire.
 - d. learning how to automate as many production processes as possible.
 - e. none of the above

(b; Moderate; p. 12)

11. Employee resistance to change is caused by:
- a. lack of participation in the process.
 - b. lack of communication about the goals and process.
 - c. imposing change.
 - d. mishandling of the process by management.
 - e. all of the above

(e; Moderate; pp. 10-14)

12. Which of the following is NOT one of the faces of change:
- a. transformation
 - b. transition
 - c. turnaround
 - d. tools and techniques

(b; Easy; pp. 5-10)

13. Engaging executives in turnaround refers to:
- a. hiring all new employees.
 - b. changing the technology throughout the organization.
 - c. stabilizing the company's financial position.
 - d. revamping the organization's strategy.
 - e. none of the above

(c; Difficult; p. 5)

14. Effective strategic renewal efforts combine aspects of _____, _____ change, and _____ change.
- a. employee; production; finance
 - b. turnaround; tools and techniques; transformational behavioral
 - c. management; employee; customer
 - d. customer; environment; participation
 - e. none of the above

(b; Moderate; p. 6)

15. Changing techniques and tools refers to changes in:
- a. organizational processes and technologies.
 - b. machines and equipment only.
 - c. employee capabilities.
 - d. outsourcing.
 - e. none of the above

(a; Moderate; p. 6)

16. A trigger event refers to:
- a. a shift in the environment that precipitates a need for altered strategies and new patterns of employee behavior.
 - b. large-scale, long-term reorientation of most or all of the central aspects of organizational life.
 - c. small, incremental improvements typically in organizational processes and technologies.
 - d. changes in only the external environment.
 - e. changes in only the internal environment.

(a: Moderate; p. 14)

17. Which of the following is a good example of a trigger event?
- a. globalization
 - b. shifts in labor market
 - c. deregulations
 - d. mergers and acquisitions
 - e. all of the above

(e: Moderate; p. 14)

18. Which of the following is NOT a reason to go global?
- a. outsource some activities previously done in the home country
 - b. seek raw materials
 - c. seek strategic alliances
 - d. expand into new markets
 - e. simplify operations

(e: Moderate; p. 15)

19. The differences in culture, language, and the political-economic - legal infrastructure of countries is referred to as:

- a. psychic distance
- b. power distance
- c. globalization gap
- d. diversity span
- e. none of the above

(a: Difficult; p. 15)

20. Going global always means:
- a. increased profits
 - b. new synergies
 - c. loss of jobs in the home country
 - d. organizational change
 - e. all of the above

(d: Moderate; p. 15)

TRUE / FALSE

21. Trigger events are internal changes to an organization which require a change in the behavioral patterns of employees.

(False: Easy; p. 14)

22. Successful global organizations move financial resources, technology, people, best practices, and knowledge in a seamless flow as required by a highly fluid international competitive environment.

(True: Easy; p. 14)

23. The introduction of a new product with advanced technology is a good example of a trigger event.

(True: Moderate; p. 14)

24. Older workers are more likely to resist change than younger workers.

(False: Easy; p. 11)

25. There comes a point in the change process where employee resistance will naturally lessen, therefore there is no reason to address and overcome their resistance.

(False: Difficult; p. 13)

26. Because motivation does not differ much from person to person, the manager's challenge is apply a motivational tactic uniformly across all employees.

(False: Moderate; p. 14)

27. Psychic distance refers to the differences between national cultures in their beliefs about the nature of the soul.

(False: Easy; p. 15)

28. World-wide recession is a good example of an internal event that may trigger a change within the organization.

(False: Moderate; p. 14)

29. Organizational space refers to the setting and circumstances in which employees work.

(False: Easy; p. 9)

30. MySpace's most recent approach to change can be characterized as transformation.

(False: Difficult; p. 5)

31. To create the proper organizational context for change, employers must quickly and

harshly punish mistakes made by employees.

(False: Moderate; p. 9)

32. When an organization imposes change on their employees, resistance is lessened because employees understand that change is inevitable.

(False: Moderate; p. 13)

33. Borders lagged behind Amazon because they failed to introduce an eReader like Kindle.

(True: Moderate; p. 4)

34. Behavior comes from the individual, not from the organizational context.

(False: Easy; p. 9)

35. Employee resistance to change can be positive or negative.

(True: Easy; p. 12)

36. Organizational capabilities refer to the collective talents and skills of a firm's CEO and their senior management to implement strategic renewal.

(False: Moderate; p. 4)

37. For change to be effective, leaders must align internal processes, structures and systems with new strategies.

(True: Easy; p. 4)

38. Effective strategic renewal efforts combine aspects of turnaround, tools and techniques, but NOT transformational behavioral change

(False: Difficult; p. 6)

39. If change interventions are to achieve significant and sustainable impact on performance, they must assure that current employee behaviors which were successful in the past are not altered.

(False: Difficult; p. 7)

40. Considered design takes into account ecological impact at the beginning of a new product design process rather than as an afterthought.

(True: Moderate; p. 6)

ESSAY QUESTIONS

51. Explain how and why Google provides an organizational context that stimulates innovation.

Behavior comes from the individual and the context. Google co-founder Larry Page believes that innovation is a key strategic goal for Google. To accomplish this, employee risk taking must be encouraged, and mistakes and chaos are an expected and accepted part of the process. Not punishing mistakes, but looking for the learning gained, provides employees with the necessary context and the right motivation to align their behavior with company strategy. **(Moderate; p. 9)**

52. What are some of the possible employee responses to change? What is the role of management in dealing with employee resistance?

Employee responses to change can range from positive commitment to apathy to active or aggressive resistance. Oftentimes, resistance is caused by poor management of the change process, especially lack of involvement and communication in problem definition and solution development. Management can learn from employee resistance through inquiry and discussion. **(Moderate; pp. 10-12)**

53. Explain why employee motivation matters.

New behaviors will not be sustainable if they have been prompted by manipulation or coercion. Effective change seeks to encourage employees to find continually new and improved ways of applying their better judgment. It motivates them to think about improving internal processes, listening to what customers are saying, and helping the organization to improve waste and quality. To support behaviors that can sustain outstanding performance, effective change efforts avoid manipulation and coercion, aiming instead to enhance employee willingness and the ability to contribute their own judgment. **(Difficult; p. 8)**

54. What is the role of participation in motivating behavioral change?

It is debatable whether people naturally resist or embrace changing their behaviors. However, people who participate in defining problems and solutions will become committed to the new directions that result from that process. By diagnosing problems, understanding their importance, and being part of the process of formulating solutions, people develop a psychological sense of "ownership" over the outcome. That ownership creates in employees the heightened motivation to implement change in order to achieve desired goals. **(Difficult; pp. 10-11)**

55. What is meant by the three faces of change and how are they related?

The three faces of change refer to the three different elements of change that are involved in the process of strategic renewal. They include: 1) turnaround – this targets the internal resources of the organization and is focused on improving short-term, bottom-line performance; 2) tools and techniques – this targets the processes inside the organization and is designed to increase internal efficiencies and 3) transformation – this targets employee behaviors and is

intended to enhance human capabilities. The key factor in accomplishing strategic renewal is the extent to which the renewal process succeeds in aligning all of the different factors and elements in the organization with the strategic goals and the external environment. Because of this, the three elements are interrelated and any effective change process must ensure that all three are addressed and coordinated. Any one by itself is likely not to succeed.

(Easy; pp. 5-8)

56. Why do employees resist change?

- Individuals may be satisfied with the status quo. Because their needs are being met, they may view any potential change as negative.
- Individuals may view change as a threat, fearing it will adversely affect them in some significant way.
- Individuals may understand that change brings both benefits and costs but feel that the costs far outweigh the benefits.
- Individuals may view change as potentially positive but may still resist because they believe that the organization's management is mishandling the change process.
- Individuals may believe in the change effort but still believe that the change is not likely to succeed. **(Easy; p. 12)**

57. Discuss the continuum of individual responses to change.

Commitment	Involves a strong emotional attachment to the goals of the organization and the aims of the change effort.
Involvement	Involves a willingness to participate in the behaviors being called for by the change effort.
Support	Involves speaking on behalf of the change effort without taking any other explicit actions to promote the effort.
Apathy	Represents a neutral zone in which individuals know about the change effort and engage in no behavior either to support or oppose it.
Passive resistance	A mild form of opposition that involves a willingness to voice reservation or even threatening to resign if the change goes through.
Active resistance	Involves behaviors that block or impede change, usually by behaving in ways that contradict the goals of the change effort.
Aggressive resistance	Involves purposeful sabotage and subversion of the change effort. (Moderate; p. 10)

58. Explain how managers create resistance during implementation.

A negative approach to employee resistance overlooks two important points. First, employee resistance is often a result of management actions. Managers can and often do create resistance by the manner in which they pursue change. By looking at the aforementioned reasons for employee resistance, one can see how many can be understood in part as a natural and expected outcome of implementation.

When employees are satisfied with the status quo, for example, the barrier may be that they have not been allowed to engage in an adequate and full diagnostic process to share learning about why the status quo is undesirable and what about the status quo needs to be changed. Employees who do not fully appreciate the potential benefits of the proposed change may either have little idea of where management proposes to take the organization or believe that management simply does not possess either the competence or commitment necessary to achieve the stated goals. **(Difficult; p. 11)**

Scenario-Based Questions

You are the manager of a college IT department, in charge of providing student, staff and faculty support in all IT areas, including computer labs, email, smart classrooms, and specialized needs. The college just announced a 40% cut in the budget for next year and has asked you to implement staff and equipment reductions. You and your staff take pride in the level of customer service and communication you have been able to establish.

59. As the manager, the first thing you will work on is:
- a. the swift and efficient implementation of the budget cuts.
 - b. maintaining the equipment quality you have worked on so hard.
 - c. a staff meeting to discuss the best way to proceed.
 - d. your letter of resignation.
 - e. a letter of protest, signed by staff, faculty and students.

(c: Difficult; p. 13)

60. The employees in your department have become very upset at the prospect of massive layoffs. Your strategy for dealing with the discontent is:
- a. offer incentives to any volunteers ready to leave the college.
 - b. squelch all informal discussion at the water cooler.
 - c. carefully note the most vocal dissenters and put them on the layoff list.
 - d. interview, discuss and learn as much as you can about the concerns.

(d: Difficult; pp. 10-12)