Chapter 18 Foundations of Control

TRUE/FALSE.
1) Controlling is the process of monitoring, comparing, and correcting work performance.

2) Having a control system reduces the scope of employee empowerment and autonomy.

3) Some control criteria, such as employee satisfaction, can be used for any management situation.

4) Deviations that exceed the acceptable range of variation become significant and need a manager’s attention.

5) Basic corrective action corrects problems at once to get performance back on track.

6) Managers should do nothing if the variance observed from the standard is acceptable.

7) Productivity decreases when an organization raises the prices of its products.

8) Organizational effectiveness is a measure of how appropriate organizational goals are and how well those goals are being met.

9) Feedforward control is more popular and effective than the other forms of control.

10) Feedforward control takes place while a work activity is in progress.

12) The balanced scorecard approach evaluates organizational performance from more than just the financial perspective.

13) Managers should not consider the standards when measuring the actual performance of employees.

14) Benchmarks for a company must be created based on the previous performance of the company.

15) Managers tend to use more direct supervision and highly centralized decision making for control in less technologically advanced countries.

SINGLE CHOICE.
22) ______ refers to the process of monitoring, comparing, and correcting work performance.
A) Controlling
B) Leading
C) Planning
D) Organizing

23) Which of the following is the final step in the management process?
A) Organizing
B) Planning
C) Controlling
24) Which of the following corresponds to the controlling step in the management process?
   A) Performance measurements
   B) Employee motivation
   C) Strategy formulation
   D) Organizational structuring

25) Which of the following observations is true of organizational controlling?
   A) An effective control system facilitates employee empowerment.
   B) Forming an organizational structure is a crucial control activity.
   C) Human resource management is a subset of the controlling process.
   D) Organizational strategies are formed during the controlling stage.

26) The control process assumes that _______.
   A) Employees require clear directions from management
   B) Employees are under-qualified and require training
   C) Performance standards are already in place
   D) Employee monitoring costs are part and parcel of doing business

27) The first step in the control process is _______.
   A) Setting the desired standards
   B) Measuring actual performance
   C) Comparing performance against expectations
   D) Enforcing managerial control

28) Managers should use subjective measures when _______.
   A) Work activities cannot be expressed in quantifiable terms
   B) Work activities are critical to the organization
   C) Organizational processes and activities are complex
   D) Immediate managerial action is required

29) Which of the following sources of information for measuring performance has the disadvantage of being subject to personal biases, and is time consuming and obtrusive?
   A) Oral reports
   B) Personal observations
   C) Statistical reports
   D) Written reports

30) Which of the following is one of the main advantages of using statistical reports as the source of information?
   A) Statistical reports can be used to obtain firsthand knowledge.
   B) Unfiltered information can be obtained using statistical reports.
   C) Statistical reports are effective for showing relationships.
   D) Statistical reports allow verbal and non-verbal feedback.

31) Which of the following sources usually provides filtered information which cannot be documented?
   A) Oral reports
   B) Personal observations
   C) Statistical reports
   D) Written reports

32) Which of the following sources provides information which is comprehensive, formal, and easy to file and retrieve?
A) Oral reports  
B) Personal observations  
C) Statistical reports  
D) Written reports

33) The comparing step in the control process determines _______.  
A) A company's relative position in the industry in terms of the standards used  
B) A company's relative position in the industry in terms of performance variances  
C) The ideal standard to be used in measuring organizational performance  
D) The variation between actual performance and the standard

34) _______ corrects the problem at once to get performance back on track.  
A) Basic corrective action  
B) Immediate corrective action  
C) Revision of standards  
D) Revision of benchmarks

35) 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 _______.  
A) Bureaucratic control  
B) Immediate corrective action  
C) Basic corrective action  
D) Concurrent control

36) Managers could choose to do nothing when _______.  
A) An employee fails to attain the standard because of internal problems  
B) The difference between actual performance and standard performance is low and acceptable  
C) Performance standards are acceptable, though the employees have not attained it  
D) The variance observed from the expected performance is caused due to unrealistic standards

37) Which of the following refers to the overall output of goods or services produced divided by the inputs needed to generate that output?  
A) Yield  
B) Demand function  
C) Effectiveness  
D) Productivity

38) _______ is measured by the costs of acquiring and transforming organizational resources into outputs.  
A) Input  
B) Quality  
C) Effectiveness  
D) Efficiency

39) Which of the following is considered the easiest way to increase organizational productivity?  
A) Increasing the price of outputs  
B) Increasing the amount of inputs  
C) Hiring more employees
40) In order to increase the ratio of outputs to inputs, a manager would have to _______.
A) Decrease the selling price  
B) Increase productivity  
C) Increase the quality of inputs  
D) Hire additional employees

41) Organizational _______ is a measure of how appropriate organizational goals are and how well an organization is achieving those goals.
A) Productivity  
B) Effectiveness  
C) Efficiency  
D) Yield

42) Certain organizations conduct culture audits to find out which companies are the best to work for. What is the major benefit associated with these rankings?
A) The rankings indicate the effectiveness of an organization's concurrent control.  
B) The rankings indicate how well a company performs in comparison to others.  
C) These rankings are used by governments to make decisions on corporate grants.  
D) These rankings affect the credit rating of concerned organizations.

43) An organization hires additional personnel as soon as they get a major contract. The organization is using _______ control.
A) Feed forward control  
B) Concurrent control  
C) Feedback control  
D) Management control

44) Which of the following is considered the most desirable type of control to prevent anticipated problems?
A) Feed forward control  
B) Concurrent control  
C) Feedback control  
D) Reactive control

45) The management control that takes place while a work activity is in progress is known as _______.
A) Feed forward control  
B) Concurrent control  
C) Feedback control  
D) Reactive control

46) Management by walking around is an example of _______ control.
A) Feedback  
B) Concurrent  
C) Feed forward  
D) Reactive

47) _______ is when a manager in the work area interacts directly with employees to maintain supervision.
A) Preventive maintenance
B) Management by walking around
C) Reactive control
D) Feed forward control

48) The ________ ratios measure an organization's ability to meet its current debt obligations.
A) Activity
B) Liquidity
C) Leverage
D) Profitability

52) The ________ approach to performance measurement was introduced as a way to evaluate organizational performance from more than just the financial perspective.
A) Market value
B) Economic value
C) Balanced scorecard
D) Financial control

53) Which of the following is a performance measurement tool that looks at four areas that contribute to a company's performance?
A) Market value method
B) Economic value method
C) Balanced scorecard approach
D) Information control approach

54) When data is analyzed and processed, it becomes ________.
A) A system
B) Information
C) Fact
D) A structure

55) Raw, unanalyzed facts are called ________.
A) Data
B) Information
C) Database
D) Data center

56) ________ is the search for the best practices among competitors or noncompetitors that lead to their superior performance.
A) Factor analysis
B) Total quality management
C) Market positioning
D) Benchmarking

57) Control techniques can be quite different for different countries. The differences are primarily in the ________.
A) Types of tasks that employees perform in various countries
B) Way employees respond to the controlling measures
C) Strategic orientation of each technique
D) Measurement and corrective action steps of the control process

Statco's Control (Scenario)

Statco, Inc., is a statistical software company based in Columbia, TN. 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. The firm hires Mark Adams, an expert in control system design, to design a control system and offer suggestions to improve the firm's performance.

68) Which of the following is a key activity that the proposed control system should perform?
A) Organizational planning
B) Organizational structuring
C) Performance measurement
D) Strategic planning

69) Mark wants to formulate a control process for the organization. What should be the first step in the control process?
A) Carrying out performance comparison
B) Determining the actual performance
C) Developing a benchmark
D) Validating the performance standard

70) Mark wants to use a tool which is easy to visualize and effective for showing relationships. Which of the following tools is best suited for this?
A) Personal observations
B) Oral reports
C) Written reports
D) Statistical reports

71) Mark recommends that the managers at Statco should identify how and why performance has deviated beyond the acceptable range of variation, and then correct the source of the deviation. Here, Mark is recommending _______.
A) Bureaucratic control
B) Immediate corrective action
C) Basic corrective action
D) Concurrent control

The Industry Leader (Scenario)

Frank, the new CEO for First Fidelity, is working hard to turn around the formerly successful real estate business. His goal is to make First Fidelity a leader in the industry. He understands the importance of improving organizational productivity in achieving his goals. Mark is keen to improve organizational performance and effectiveness.

72) The operations manager suggests a hike in the prices to improve productivity. However, Frank rules this option out. What could be the possible reason for this?
A) Product prices are not related to organizational productivity.
B) Selling price is negatively correlated to organizational productivity.
C) The real estate business is characterized by intense competition.
D) Such an action would lead to reduced employee satisfaction.

73) Frank believes organizational effectiveness is more important to the organization than organizational productivity. What could be the rationale behind this belief?
A) Organizational productivity is not a measure of organizational performance.
B) Organizational effectiveness is a measure of how well the organizational goals are met.
C) Organizational productivity is not directly related to organizational output.
D) Organizational effectiveness is a quantitative measure of the input-output relationship.

Controlling Operations

Charles is the operations manager of a firm which operates as a leaf tobacco merchant and processor worldwide. Charles believes that the firm's productivity can be increased substantially from the current level. He wants to exert control to improve organizational performance and productivity.

74) Charles wants to prevent problems before their occurrence. Which of the following is the most desirable type of control to achieve this goal?
A) Reactive control
B) Concurrent control
C) Feed forward control
D) Feedback control

75) Charles interacts directly with the employees in the work area to identify problem areas. He works with various departments to obtain a holistic idea of the business. This type of direct supervision is an example of ______ control.
A) Proactive

76) Charles discovers major flaws in the packaging department. He consults the production manager and formulates control measures to improve packaging. Here, Charles is using the ______ control.
A) Feedback
B) Proactive
C) concurrent
D) Feed forward

Kelbitron

Valerie is a plant manager at Kelbitron, a company which manufactures and sells air conditioning and heating equipment in the United States and Canada. She measures the performance of the workers every month and compares it with established standards. She uses different approaches to measure the performance of different units in the plant, based on the type of employees and the nature of work. The plant has 32 functional units. Each unit is named Unit-1 to Unit-32 based on their order in the assembly line.

83) Unit-32 conducts functional testing and quality analysis of the air-conditioners. Valerie decides to measure the performance of workers of Unit-32 by personally observing them. Which of the following additional pieces of information would offer most support to her decision to use personal observation?
A) A majority of the employees in Unit-32 had called for a fair scheme of performance measurement in a recent feedback session.
B) Valerie needs immediate information to support a performance appraisal which is due.
C) Kelbitron policies state that performance measurement should be free from bias.
D) The unit's tasks are considered complex and require an intensive coverage of work activities when measuring performance.

84) Valerie chooses oral reports instead of statistical reports when collecting information for measuring the performance of Unit-27. Unit-27 monitors the flow of the assembly line. Which of the following, if true, would most weaken the decision to choose oral reports?
A) Non-verbal feedback from employees is considered crucial to performance evaluation as it is a better indicator of truth.
B) Studies have shown that managers who use filtered information for making decisions tend to make poor decisions.
C) Subjective factors are important when measuring the performance of employees who perform routine tasks such as working in an assembly line.
D) Extensive information is needed to measure the performance of the unit as it is difficult to quantify the performance.

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

91) 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.

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