

## Chapter 8 Organization Structure and Control Systems

1. Sedona Inc. is an American firm that manufactures high-quality handbags, duffel bags, and leather belts at its facility in Arizona. Sedona's products have been featured in various fashion magazines and as a result, consumer demand has increased significantly. Currently, Sedona is organized as a domestic structure plus export department. Executives at Sedona believe the firm is ready to internationalize its operations, and they are considering various organizational structures.

Which of the following best supports the argument that Sedona should give its subsidiary managers significant autonomy?

- A) Praxis Inc., one of Sedona's domestic competitors, has a flat organizational structure.
- B) Sedona is a family-owned business that began as a subsidiary to Aloha enterprises.
- C) Sedona has recently reorganized into a domestic structure plus foreign subsidiary.
- D) Sedona conducts a large percentage of domestic sales through the company's Web site.

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Which of the following best supports the argument that Sedona should reorganize into a global functional structure?

- A) Sedona has a highly decentralized system of management.
- B) Sedona uses a variety of technologies for its numerous and varied product lines.
- C) Sedona has only a few domestic competitors.
- D) Sedona serves a narrow spectrum of customers and has a product line that uses similar technology.

3. Nimbus Inc. is a hybrid organization. The organizational structure of the company has been developed to combine geographic support for both global integration and local responsiveness. Nimbus is not a hierarchical organization and uses cross-functional teams to quickly adapt to the dynamic business environment.

If the above information is true, which of the following can be fittingly inferred?

- A) that Nimbus has only a few SBUs
- B) that Nimbus has a matrix structure
- C) that Nimbus is a born global
- D) that Nimbus does not favor standardization of its products

4. Diana's, an Illinois-based cosmetics company, manufactures a wide range of natural cosmetics and skin-care products. The company has international

divisions located in Singapore and London. The top management at Diana's is currently considering making a change to the company's organizational structure.

Which of the following, if true, best supports the argument that Diana's should change its organizational structure?

- A) Employees at Diana's complain that they are too bogged down with administrative tasks to focus on creating new products and concepts.
- B) Diana's exports its products to the emerging markets in Asia and Africa.
- C) Employee attrition is low at Diana's.
- D) The labor union consisting of Diana's full-time employees successfully negotiated a hike in their annual compensation with management a few months ago.

5. Marketing-oriented companies, such as Nestlé and Unilever, which produce a range of products that can be marketed through similar channels of distribution to similar customers, will usually opt for the \_\_\_\_\_.

- A) domestic structure plus foreign subsidiary
- B) global geographic structure
- C) matrix structure
- D) domestic structure plus export department

6. Which of the following refers to a problem that firms with structurally sophisticated global networks are most likely to face?

- A) environmental volatility
- B) competition from domestic firms
- C) low cost savings
- D) import tariffs

7. Briefly describe the characteristics of the global geographic structure.

8. Why are global companies increasingly abandoning rigid structures? How are they adapting to the changing global environment?

9. Describe the organizational structure and characteristics of transnational corporations.

10. What are the changes necessitating new structural designs for organizations?

11. What are the differences between direct control and indirect control mechanisms in international business management?