

Q1.

Mintzberg's model of organizations distinguishes between five functions or organizational regions. Explain the function of (a) the strategic apex, (b) the operating core, and (c) the technostructure? (6 pts)

*Different variants on the question asked for different things in different versions of the test:*

- *The function of the strategic apex is to take a global view, to formulate strategy and direction, to manage the organization's boundaries, and to ensure that the organization serves its mission effectively. (Don't have to mention all of these, but global view and boundaries are particularly important, and both "strategy" and "ensuring serves the mission" will do.)*
- *The function of middle line is to connect the apex to the operating core, to assist in the flow of information and instructions between those two. (Just saying "managing" isn't sufficient – the point is the flow and connection between the other two components.)*
- *The function of the operating core is to carry out the primary work of the organization.*
- *The function of the technostructure is to analyse the organizations' activities and to define standards and processes by which the work of the organization will be regulated. (no points for saying that it provides technology, and definitely no points for saying that it manages technology. Analysis and standardization of process are the important points.)*
- *The function of the support staff is to provide organizational functions that support primary activities.*

*Two points for correct definitions that hit at least one of the points associated with each one.*

Different organizational styles are associated with organizations in which different of these regions achieve dominance. (d) Which area is dominant in the style that Mintzberg calls "the machine bureaucracy"? (e) What form is associated with the dominance of the support staff? (f) Which area is dominant in the organizational form characterized by standardization of skill and external certification? (6 pts)

*The matches between organizational form and dominant regions are: strategic apex/simple structure; middle line/divisionalized form; technostructure/machine bureaucracy; support staff/adhocracy; operating code/professional bureaucracy.*

*The answer to (f) is "operating core" (which is dominant in this form, called "professional bureaucracy")*

Give examples (with justifications for your choices) of organizations that fit the image of (g) the simple structure? (h) the divisionalized form? (8 pts)

*Other variants on this question asked for other examples. The more specific the better; the movie company examples I gave in class are fine, although hypothetical. The justification is critical here; it should demonstrate that the student knows what the form means, and that it matches the organization.*

*4 pts available for each combination of organization and justification (nominally two for each element). Make sure that both are given. For simple structure, for example, "a family-owned small business is an example of the simple structure because the leadership dominates and can exert direct supervision" gets all the points, but "any business controlled through direct supervision" only gets half (justification but not example).*

Q2.

Bakos and Treacy describe a model for competitive advantage that involves five components.

(a) Name and describe the three elements that contribute to bargaining power? (6 pts)

*The three elements contributing to bargaining power are search-related costs, switching costs, and unique product features.*

(b) Give examples of how a supplier can exercise bargaining power over a customer, and of how a customer can gain bargaining power over a supplier (4 pts).

*Exercise bargaining power through exploiting one of the three features above.*

*Suppliers, for example, can send unsolicited mailings (search-related costs), impose contracts or adopt non-standard interfaces (switching costs), or add features that competitors don't have (product features.)*

*Customers can similarly advertise themselves directly to suppliers, impose penalty clauses on supply arrangements, or exploit unique features such as prominence, global reach, or a unique setting for technology use (e.g. the biggest user of some technology.) The customer examples are more unusual, but the important point is that the three features can describe a customer's relationship to a supplier, as well as a supplier's relationship to a customer.*

*2 pts per example.*

(c) Most competitive strategies depend on exploiting a failure of one of the conditions for a perfect market. Give an example of how one of Bakos and Treacy's competitive strategy elements relates to one of these conditions. (4 pts)

*Variable answers here. The most likely answers are:*

*Perfect information (reduced by search-related costs), no switching costs (so, reduced by the introduction of switching costs), and homogeneous product (reduced by unique product features)*

*The other two are: no barriers to entry and exit, all players small with respect to the market. Use your best judgement for answers referring to these, although they would at least get 2 pts for correctly naming one of the five conditions on the market.*

*2 pts for a condition, 2 pts for an appropriate match to Bakos and Treacy.*

Q3.

Coase introduced the concept of “transaction cost” to help explain why organizations arise with a market economy model.

(a) What does Coase mean by transaction costs? (2 pts)

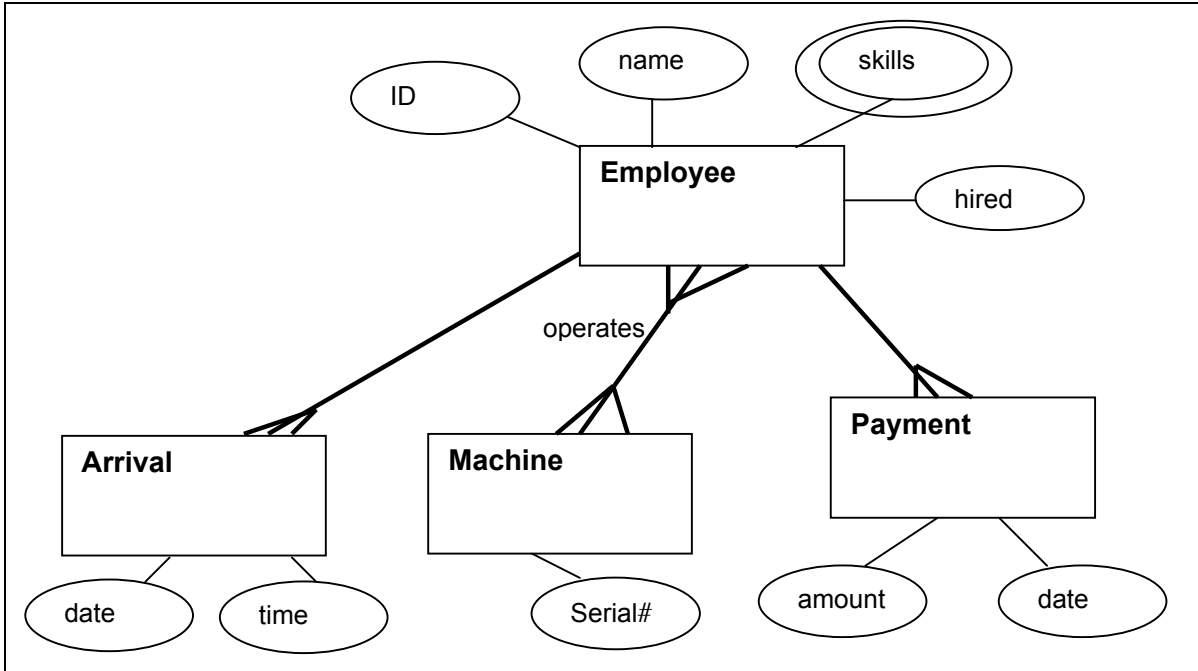
*Transaction cost is the cost of performing a transaction in the market. (No points if the answer doesn't mention “the market,” or make clear that transaction costs are “external” to the organization.)*

(b) According to Coase, what is the effect on the organization of reducing transaction costs for some function? Why? (4 pts)

*The relevant issue is organizational size. According to Coase, reducing transaction costs causes organizations to grow smaller, since it becomes more effective to perform operations in the market rather than to incorporate them into the organization. As transaction costs rise relative to organization/organizing costs, then the organization will grow and diversify, incorporating these functions. 2pts for saying the right thing (“grow” or “shrink”) and 2 pts for identifying the balance of transaction/external costs and organizational/internal costs as the explanatory factor.*

Q4.

The ER model below is used at a factory to record employee information, such as when they have been paid, what machines they operate, and when they come and go. (Note that skills is a multi-valued attribute; assume that ID and serial# are unique identifiers.) Transform this model into a set of relational tables. (12 pts)



The tables that should result from the ER process are as follows:

**Employee:** [ ID, name, hired]

**Payment:** [ amount, date, ID]

**Machine:** [ serial # ]

**Arrival:** [ date, time, ID ]

**Operates:** [ ID, serial # ]

**Skills:** [ ID, skill ]

2 pts for each correct table. Names of the tables don't matter, only the set of fields (order doesn't matter either.)

Q5

Bakos and Treacy claim that “interorganizational efficiency” can provide competitive advantage. Workflow technology is often applied to internal processes, but how can it be used to improve efficiency between organizations? (2 pts)

*Workflow can improve inter-organizational efficiency by integrating processes across organizations, or by incorporating customers/suppliers into the organization's process. 2 pts for answers along those lines, or for specific examples.*

Use the experience from Establishment Printers (as described by Bowers, Button, and Sharrock) to describe *two* problems that organizations might encounter when using workflow technologies. (4 pts)

*Problems that might arise: a mismatch between a process description and actual work; a mismatch between worker views and management views of work processes; a rigid system that doesn't support exceptions; productivity impacts due to working around rigid technology*

*Other answers are acceptable, if they are grounded in the Bowers et al study, and actually do refer to workflow.*

*2 pts each.*