THINK CRITICALLY

Handwrite your responses in the space below; 2 sentences each.

1. How does a centralized organization differ from a decentralized one?

2. What actions can be taken to reduce global business risk?

- 3. A company in which decisions are made by top-level managers is a _____ organization. a. centralized
 - b. decentralized
 - c. horizontal
 - d. vertical
- 4. True or False? _____ Decentralized organizations usually have managers making decisions in different geographic regions.
- 5. Horizontal integration allows a company to _____
 - a. reduce risk by selling a wide variety of products
 - b. combine with other companies in a similar business
 - c. provide local managers with decision-making authority
 - d. be involved with different stages of production and distribution
- 6. True or False? _____ A diversified company usually has higher risk than a non-diversified organization.

TEAMWORK

Discuss in pairs or small groups and then write your conclusions below.

7. In your team, describe situations in which centralized business activities might be preferred to a decentralized organization.