Management Leading and Collaborating in a Competitive World 12th edition Bateman Test Bank

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Chapter 02

The External and Internal Environments

True / False Questions

1. Organizations are open systems that affect and are affected by their external environments.

   True False

2. Raw materials are an example of inputs.

   True False

3. When investors bid up stock prices, companies have less capital to fuel their strategies.

   True False

4. A more diverse workforce presents managers with challenges as well as opportunities.

   True False

5. According to Michael Porter's model, the competitive environment includes rivalry among current competitors and the impact of new entrants, substitute and complementary products, suppliers, and customers.

   True False

6. Organizations are at an advantage if they depend on a single powerful supplier because such dependency ensures consistency.

   True False

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7. Environmental uncertainty refers to the lack of information needed to understand or predict the future.

   True False

8. Enrico has used environmental scanning to gather information that will help him make his company more competitive. This is an example of cognitive intelligence.

   True False

9. April, a manager in a call center, encourages her employees to solve customers' problems without her approval of the particular situation. In this case, April is trying to empower her employees.

   True False

10. A strong organization culture is one in which lower-level employees do not concern themselves with the firm's goals, priorities, and practices because management deals with those issues.

    True False

Multiple Choice Questions

11. What term is used to describe all the relevant forces outside an organization's boundaries?

    A. Environmental scanning
    B. Competitive intelligence
    C. External environment
    D. Competitive environment
    E. Organizational climate

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12. A firm's _____ includes its rivals, suppliers, customers, new entrants, substitutes, and complementary products.

A. environmental scanning
B. competitive intelligence
C. external environment
D. competitive environment
E. organizational climate

13. Stylin' Footwear buys leather and lesser quantities of cork, elastic, metal buckles, and other materials to manufacture shoes. Which of the following is Stylin's Footwear's output?

A. Leather
B. Cork
C. Elastic
D. Buckles
E. Shoes

14. Although a top executive team may have unique _____ strengths and ideas about its goals, it must consider _____ factors before taking action.

A. external; internal
B. internal; external
C. traditional; unconventional
D. unconventional; traditional
E. past; future

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15. Which of the following statements about the impact of the stock market is true?

A. The stock market has little effect on the amount of capital a company has.
B. If a company exceeds its performance expectations, its stock price will often drop.
C. Publicly held companies are more insulated from the stock market than privately held companies.
D. The stock market may have a profound effect on the behavior of individual managers.
E. Stock market fluctuations have little effect on the compensation of managers.

16. A failure to develop a strategy that incorporates _____ may doom a firm to obsolescence.

A. hierarchical bureaucracy
B. many layers of middle management
C. classic production methods
D. technological advances
E. closed communication systems

17. Which of the following is a U.S. government policy or action that is most likely to provide an opportunity for businesses?

A. deductions in the tax code
B. fines on heavy polluters
C. laws against bribing officials
D. court rulings against monopolies
E. failure to rule a new product as safe

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18. What are demographics?

A. Trends regarding how the people within a society think and behave
B. Conditions that prevent new companies from entering an industry
C. Measures of various characteristics of the people who make up social units
D. The fixed costs that buyers face if they change suppliers
E. The lack of information needed to understand or predict the future

19. How is immigration affecting U.S. demographics?

A. It is increasing the diversity of the workforce.
B. It is decreasing the number of workers.
C. It is decreasing the number of consumers.
D. It is making the educational levels of the workforce more similar.
E. It is decreasing the amount of paperwork needed to hire workers.

20. Which of the following was introduced as the result of an evolving societal trend?

A. Shares of stock
B. Hourly wages
C. Levels of management
D. Offshoring
E. Family leave

21. Which of the following was designed to help managers analyze the competitive environment and adapt to or even influence the nature of competition?

A. Dell's IdeaStorm
B. Michael Porter's model
C. B2B selling
D. Peter Drucker's theory
E. Organizational smoothing

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22. Which of the following is a barrier to entry?

A. Consumer demand for a product
B. Lack of brand recognition
C. The existence of a popular complement
D. A low-cost distribution method
E. An inexpensive production process

23. Klaus's office has always used Tangerine computers. His technical people have suggested that he switch all his employees over to Vale computers. Klaus is reluctant because it will mean not only replacing all the computers but also buying all new software and taking the time to train everyone. Klaus is worried about

A. barriers to entry.
B. benchmarking.
C. environmental uncertainty.
D. switching costs.
E. strategic maneuvering.

24. Supply chain management refers to the

A. search for information that is unavailable to most people and the process of interpreting what is important and what is not.
B. identification of the best-in-class performance by a company in a given area and the comparison of your processes to the company's processes.
C. procedure of sharing power with employees, thereby enhancing their confidence and their belief that they are influential contributors to the organization.
D. creation of new products, advanced production techniques, and better ways of managing and communicating.
E. managing of the network of facilities and people that obtain raw materials, transform them into products, and distribute them to customers.

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25. The goal of _____ is having the right product in the right quantity at the right place at the right cost.

A. barriers to entry
B. benchmarking
C. supply chain management
D. empowerment
E. open systems

26. _____ means searching for and sorting through information about the environment.

A. Environmental uncertainty
B. Competitive intelligence
C. Domain selection
D. Environmental scanning
E. Strategic maneuvering

27. A human resources manager is considering changing her company's vacation policy. Before she makes a proposal to the senior executive team, she researches the vacation policies of other leading companies in her industry. This is an example of _____.

A. benchmarking
B. demographics
C. inputs
D. buffering
E. smoothing

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28. What is the purpose of benchmarking?

A. To save money
B. To reduce the workforce
C. To adopt best practices
D. To expand internationally
E. To diversify products

29. Diversified Industries decides to use the expertise it has from its canned-pet-food division and its health-food division to enter the fast-growing market for fresh, natural pet foods. This is an example of

A. diversification.
B. benchmarking.
C. a merger.
D. domain selection.
E. an acquisition.

30. Which of the following is said to occur when two or more firms combine?

A. An acquisition
B. A takeover
C. A merger
D. Diversification
E. Downsizing

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31. Which of the following is the best description of organizational culture?

A. Conditions that prevent new companies from entering an industry
B. The network that obtains raw materials, transforms them into products, and distributes them to customers
C. The process of searching out information that is unavailable to most people and sorting through it to interpret what is important and what is not
D. The process of comparing an organization's practices and technologies with those of other companies
E. A system of shared values about what is important and beliefs about how the world works

32. Which of the following would be a sign of a weak organizational culture?

A. Everyone knows the organization's goals.
B. Everyone understands how things are done.
C. Everyone believes in the company's mission.
D. Everyone uses a rulebook to decide what to do.
E. Everyone helps new employees fit in.

33. Corporate mission statements, business practices, symbols and ceremonies, and the stories people tell can all give clues to

A. organizational climate.
B. organizational culture.
C. competitive environment.
D. external environment.
E. macroenvironment.

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34. In comparison to organizational culture, organizational climate

A. is more deeply held.
B. is based on values rather than attitudes.
C. does not have a discernible pattern.
D. can be measured more readily.
E. is less easy to manage.

35. Organizational climate consists of the patterns of _____ that shape people's experience of an organization.

A. attitudes and behavior
B. demographic characteristics
C. deeply held beliefs and values
D. inputs and outputs
E. buffering and smoothing

36. Organizations are _____ systems, which means that they are affected by and in turn affect their external environments.

A. input
B. output
C. open
D. closed
E. social

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37. Fujiko, a new manager at a company, has been asked to focus on the competitive environment of the organization. Which of the following is a factor Fujiko should focus on?

A. Government regulation
B. Economic performance
C. Demographics
D. Rivals
E. Technology

38. The immediate environment surrounding a firm is known as its

A. macroenvironment.
B. demographic environment.
C. competitive environment.
D. internal environment.
E. economic environment.

39. _____ lead to new products, advanced production facilities, and better ways of managing and communicating.

A. Demographic shifts
B. Societal preferences
C. Political changes
D. Technological advances
E. Economic turbulences

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40. Advances in 3-D printing have made it easier and faster for architects to create models of proposed building designs to help clients make more informed decisions. These advances are an example of changes in the _____ environment.

A. technological
B. economic
C. political
D. demographic
E. biophysical

41. Using bribery as a business tactic may result in fines for U.S. firms. Which of the following types of environmental forces at work does this reflect?

A. Competitive
B. Economic
C. Legal
D. Technological
E. Demographic

42. _____ are specific government organizations in a firm's more immediate task environment.

A. Open systems
B. Regulators
C. Prospectors
D. Stakeholders
E. Defenders

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43. _____ are measures of various characteristics of the people who make up groups or other social units.

A. Psychographics
B. Demographics
C. Domain selections
D. Lifestyle analytics
E. Group dynamics

44. The recent legalization of same-sex marriage has major implications for how companies manage their labor force. For example, companies must now make sure their benefit packages include all types of family structures. This is an example of how _____ trends affect businesses.

A. psychological
B. political
C. economic
D. technological
E. societal

45. Which of the following is an element of Michael Porter's model for analyzing the competitive environment of an organization?

A. Substitutes
B. Cost strategy
C. Societal trends
D. Regulatory forces
E. Demographics

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46. A firm's current competition, suppliers, customers, and the threat of new entrants or of substitutes are all elements in the _____.

A. task environment
B. Peter's model for organizational excellence
C. microenvironment
D. Porter's model for competitive environment
E. supply chain management

47. Venus was a low-cost airline that operated in the 1980s. Industry analysts state that although Venus was able to provide all the services the customers wanted, it was thrown out of business because of aggressive pricing from larger airline firms. Which of the following aspects of the competitive environment does this scenario illustrate?

A. Customers
B. Rivals
C. Regulators
D. The economy
E. Social trends

48. Conditions that may prevent new firms from entering an industry are referred to as _____.

A. barriers to entry
B. strategic maneuvers
C. unfair trade practices
D. industry regulators
E. entry inhibitors

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49. Hospitals and universities are very expensive to run not only due to the capital equipment that is required for each but also due to the personnel such as specialized medical doctors and researchers. The cost of these types of institutions is an example of _____.

A. a barrier to entry
B. environmental uncertainty
C. unfair competition
D. high switching costs
E. strategic maneuvering

50. A(n) _____ is a potential threat; customers use it as an alternative, buying less of one kind of product but more of another.

A. new entrant
B. substitute
C. ensemble
D. divestiture
E. complement

51. If many factors prevent new companies from entering an industry, the

A. threat of new entrants is more serious.
B. threat of competitive rivalry is high.
C. threat to established firms is less serious.
D. new companies can easily compete with the established ones.
E. industry is said to have just a few barriers to entry.

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52. Which of the following is an example of a potential substitute product?

A. Margarine for butter
B. Ink cartridges for printers
C. Mops for detergent
D. iTunes for iPods
E. Furniture for apartments

53. Organizations must acquire a variety of resources in order to produce a product or service of value. These resources may include materials, equipment, financing, or even employees. The sources that provide these various resources are referred to as _____.

A. warehouse clubs
B. regulators
C. retailers
D. suppliers
E. prospectors

54. _____ are fixed costs buyers face if they change suppliers.

A. Changing costs
B. Switching costs
C. Renewable costs
D. Exchange costs
E. Sunk costs

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55. Mount Albion Financial Planning uses the services of Food-to-Go, which runs the employee cafeteria in the building and also caters business meetings at a discounted rate because of the volume of business it does with Mount Albion. The other available cafeteria services do not provide catering. In this case, if Mount Albion decides to terminate Food-to-Go's contract and shift to some other service, it is likely to create _____.

A. high employment costs
B. redemption costs
C. favorable quality status
D. complementary products
E. high switching costs

56. _____ refers to management of the network of facilities and people that obtain materials from the outside, transform them into products, and distribute the products to customers.

A. Inventory management
B. Strategic maneuvering
C. Human resource management
D. Customer service
E. Supply chain management

57. A customer who purchases raw materials or wholesale products before selling them to other parties is known as a(n) _____.

A. final purchaser
B. intermediate consumer
C. final customer
D. first-tier supplier
E. preliminary customer

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58. The main difference between a final consumer and an intermediate consumer is that

A. the intermediate consumer purchases finished products, whereas the final consumer buys only raw materials.
B. intermediate consumers buy raw materials and sell finished products to final consumers, who use them.
C. final consumers make more purchases than the intermediate consumers.
D. unlike final consumers, intermediate consumers provide monetary benefits to organizations by purchasing their products.
E. final consumers tend to have more bargaining power than intermediate consumers.

59. Giving consumers what they want or need, the way they want it, the first time is known as _____.

A. planned merchandise
B. planned obsolescence
C. customer service
D. cause marketing
E. operations management

60. Environmental _____ refers to the degree of discontinuous change that occurs within the industry.

A. complexity
B. dysfunction
C. contracting
D. cooptation
E. dynamism

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61. Hi-Performer Sporting Equipment managers engage in an annual organizational assessment, trying to predict industry changes as well as possible opportunities and threats. They look at issues, such as who their competitors are, current entry barriers, and what substitutes exist for their products. This assessment is called _____.

A. scenario development
B. forecasting
C. benchmarking
D. environmental scanning
E. strategic maneuvering

62. An outcome of environmental scanning is _____, which is the information necessary to decide how best to manage in a given competitive environment.

A. corporate governance
B. strategic vision
C. competitive intelligence
D. corporate espionage
E. competitive dissertation

63. Alicia writes a narrative that describes what she thinks will happen to her catering business if consumer interest in healthy cuisine continues to grow. This narrative is an example of _____.

A. benchmarking
B. a scenario
C. strategic maneuvering
D. a divestiture
E. strategic vision

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64. _____ create alternative combinations of different factors into a total picture of the environment and a firm.

A. Scenarios
B. Forecasts
C. Benchmarks
D. Competitive intelligences
E. Strategic maneuvers

65. Which of the following combinations can result in a best-case scenario?

A. Many competitors, high threat with and few entry barriers, and few customers
B. Many competitors, high threat with and few entry barriers, and many customers
C. Few entry barriers, many substitutes, and many customers
D. High industry growth, low threat with and many entry barriers, and customers with low bargaining power
E. Low industry growth, high threat with and few entry barriers, and suppliers with low bargaining power

66. The method for predicting how variables will change in the future is known as _____.

A. budgeting
B. buffering
C. forecasting
D. benchmarking
E. scanning

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67. Which of the following is true about using forecasts?

A. Multiple forecasts are best, and their predictions can be averaged.
B. Forecasts become more accurate while predicting further into the future.
C. Forecasts are useless when the future will look radically different from the past.
D. The more complex the forecast, the more accurate are the predictions.
E. The accuracy of forecasts does not vary from one application to another.

68. Harry, who works as a manager for a manufacturing company, investigates what computer programs his company's five biggest rivals use for placing and tracking customer orders. He then compares the features of those programs with the program his company uses. What process has Harry used?

A. Scenario planning
B. Forecasting
C. Benchmarking
D. Environmental scanning
E. Strategic maneuvering

69. To improve customer service in its overseas call center, Bolt Smartphones decided to investigate the call center practices of competing companies. The team discovered that a smaller company, Grasshopper Phones Inc., seemed to have outstanding customer service. The team then determined differences between the organizations and developed a plan to incorporate the best elements of Grasshopper into Bolt. This illustrates _____.

A. environmental dynamism
B. benchmarking
C. strategic maneuvering
D. cooperative action
E. forecasting

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70. Domain selection, diversification, mergers/acquisitions, and divestiture are all examples of _____.

A. illegal boundary management
B. maneuvering the competition
C. strategic maneuvering
D. independent strategies
E. portfolio maneuvering

71. _____ occurs when a firm invests in different types of businesses or products or when it expands geographically to reduce its dependence on a single market or technology.

A. Domain selection
B. Diversification
C. Acquisition
D. Divestiture
E. Empowerment

72. The entrance by a company into another market or industry for which it has an existing expertise is called _____.

A. benchmarking
B. strategic positioning
C. outsourcing
D. domain selection
E. cooptation

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73. One firm buying another is called a(n) _____.

A. merger
B. acquisition
C. divestiture
D. prospective
E. defender

74. Fashion Forward Accessories recently announced that it was selling off its scarf division in order to realign itself more competitively in the marketing of its other products, particularly its purse and belt divisions. Which of the following strategic maneuvers is illustrated in this scenario?

A. Diversification
B. An acquisition
C. A merger
D. Divestiture
E. Domain selection

75. Two general types of proactive strategies for influencing an organization's environment are _____.

A. dependent strategies and independent strategies
B. independent action and cooperative action
C. cooperative strategies and strategic maneuvering
D. strategic maneuvering and dependent strategies
E. independent action and strategic maneuvering

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76. _____ strategies are used by an organization acting on its own to change some aspect of its current environment.

A. Flexible
B. Buffering
C. Independent
D. Smoothing
E. Cooperative

77. Titan and Spencer-Fields are the two leading online booksellers. Recently, Titan engaged in an online price war with Spencer-Fields in order to gain greater market share. This is an example of _____ on the part of Titan.

A. cooptation
B. voluntary action
C. competitive pacification
D. competitive aggression
E. environmental scanning

78. Grandma Myrtle's Tasty Treats is a company that sells different varieties of snack cakes. When Grandma Myrtle's Tasty Treats spends its own money to promote the snack cake industry as a whole, the company is practicing _____.

A. competitive aggression
B. competitive pacification
C. public relations
D. voluntary cooptation
E. comparative action

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79. When a brand advertises its products as being superior to that of its competitors, it is demonstrating _____.

A. competitive aggression
B. competitive pacification
C. benchmarking
D. political action
E. cooptation

80. When two or more companies work together to manage their external environment, they are using _____.

A. monopolistic strategies
B. strategic maneuvering
C. cooperative strategies
D. dependent strategies
E. competitive strategies

81. Quartermaine University has just formed a board of trustees and invited 25 of its wealthiest alumni to join. In this example, Quartermaine University is demonstrating _____.

A. contraction
B. cooptation
C. coalition
D. political action
E. voluntary action

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82. Wellspring Health and United Coverage are two health insurance companies that have joined forces with one another to lobby against a new regulation that will affect their ability to deny claims. This action is referred to as _____.

A. contraction
B. coalition
C. cooptation
D. domain selection
E. benchmarking

83. The process of sharing power with employees is called _____.

A. empowerment
B. downgrading
C. benchmarking
D. vertical synergy
E. power building

84. Bette recently got promoted to a managerial role in a bureaucratic organization. The industry was changing dramatically, and Bette suggested that the management team encourage employees to develop confidence by giving them some control and authority in order to create a more flexible, adaptable organization. Here, Bette is suggesting the use of _____ with employees.

A. smoothing
B. benchmarking
C. empowerment
D. cooptation
E. coalition

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85. Creating supplies of excess resources in case of unpredictable needs is known as _____.

A. cooptation
B. smoothing
C. flexible processing
D. empowering
E. buffering

86. Lana owns Party Platter, a store that specializes in festive decorations and attractive but disposable tableware. She is projecting that the economy will rebound this fall. She ordered additional holiday-themed merchandise in February in anticipation of possible surge in sales during the holiday season. In this case, which of the following methods is Lana using to be sure that she has enough gifts for extra holiday customers?

A. Just-in-time inventory
B. Smoothing
C. Benchmarking
D. Buffering
E. Diversification

87. Leveling normal fluctuations at the boundaries of the environment is called _____.

A. buffering
B. smoothing
C. flexible processing
D. empowerment
E. coalition

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88. Methods for adapting the technical core to changes in the environment are known as _____.

A. flexible processes
B. smoothing effects
C. buffering techniques
D. benchmarking tools
E. environmental scanners

89. NBIC (National Bicycle Industrial Company) of Japan specializes in mass customization in order to cater to the changing demands of its customers. Customers can choose the frame and other parts of the bicycle and it is made according to their order. This is one example of how NBIC uses _____.

A. cooptation
B. flexible processes
C. smoothing techniques
D. benchmarking
E. diversification

90. The set of important assumptions about an organization and its goals and practices that members of the company share is called organization _____.

A. culture
B. design
C. climate
D. layout
E. structure

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91. New Horizons is a communication and information technology corporation. The company makes it a point to stress to its employees that innovation is its core strength. The employees even get an hour a day to brainstorm and come up with out-of-the-box ideas. This highlights the _____ of the company.

A. cooperative strategies
B. external environment
C. organization culture
D. competitive pacification
E. domain selection

92. Pedro has been offered jobs at two different retail companies and needs to decide which one to accept. Which of the following can be a useful clue about each organization's culture?

A. The way employees interact with customers
B. Information printed in the media about stock prices
C. The macroenvironment
D. The personality characteristics of employees
E. The industrial environment

93. Which of the following statements about organizational culture is true?

A. Corporate mission statements are always a true expression of a firm's culture.
B. Who is hired and fired and why indicate the firm's real value and are a clue to the culture.
C. A firm with a strong culture will have different people holding different values.
D. A culture that was advantageous in a prior era continues to be so in a new environment.
E. It is unnecessary to consider culture when considering a merger.

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94. According to the competing values model, if an organization's culture is based on control, efficiency, formal structures, and secure employment, it could be best described as a(n) _____.

A. hierarchy
B. clan
C. market
D. adhocracy
E. meritocracy

95. According to the competing values model, if an organization's culture is competitive and goal oriented, its leaders are results oriented, and the focus is on achievement and winning, it could be best described as a(n) _____ culture.

A. hierarchy
B. clan
C. market
D. adhocracy
E. meritocracy

96. The attitude and behavior patterns that shape people's experience of an organization is called an organizational _____.

A. culture
B. climate
C. environment
D. strategy
E. adhocracy

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Scenario A. Marietta's Attic is a small retail store that specializes in antique figurines and decorative knickknacks. In analyzing the environment, Marietta has uncovered the following interesting findings:

1. Marietta has recently purchased more inventory than in the past. The people from whom she buys are selling off more knickknacks because their children are not interested in this type of decorative items and they would prefer to liquidate unnecessary household items to help them with their daily expenses.
2. Marietta discovered that her business is in a historical preservation district. As she considers remodeling the shop, she realized that she must pay attention to the guidelines set forth in the governing laws.
3. Marietta's buyer-customer base seems to be changing. The tastes of the younger generation near her shop are shifting to modern decor, so the customer base to which she sells is shrinking.
4. Marietta has been told that she should consider selling her inventory via the Internet, but she does not own (or understand how to use) a computer.
5. In reading a survey of regional business, Marietta discovered that there are no other antique knickknack stores within 200 miles.

97. In Scenario A, which of the following elements of the macroenvironment was part of Marietta's findings?

A. Sustainability
B. Psychology
C. Corporate governance
D. Sociology
E. Technology

98. When Marietta read the survey of regional businesses, she was investigating _____.

A. the competitive environment
B. the macroenvironment
C. a closed environment
D. the internal environment
E. the social environment

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99. Findings about changing customer preferences and others who sell antique knickknacks are associated with the

A. competitive environment as described by Porter.
B. macroenvironmental economic trends.
C. macroenvironmental political trends.
D. amount of rivalry in Marietta's internal environment.
E. barriers to entry in Marietta's competitive environment.

100. Which of the following elements of the macroenvironment is most closely associated with the findings about the historical preservation district?

A. Laws and regulations
B. The economy
C. Demographics
D. Technology
E. The natural environment

Scenario B. Bryan and his wife are investigating the possibility of starting a new bed and breakfast in Silver Eagle, a small town in the Rocky Mountains in Colorado. It has been Bryan's lifelong dream. Bryan has won a lottery and is trying to decide if this is what he wants to do with the prize money. He decides to do an analysis of the competitive environment. After his analysis, he discovers several important issues. First, it will cost most of Bryan's lottery winnings to finance a bed and breakfast in Silver Eagle. Second, it will be difficult to attract new customers because they have so many lodging choices available to them in Silver Eagle and the surrounding towns. Finally, the competition in the bed and breakfast industry is considered fierce by industry analysts and this is frightening to someone, like Bryan, who has never worked in that industry.

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101. Which of the following factors would Bryan have considered while analyzing the competitive environment?

A. Technology
B. Substitutes
C. Legal factors
D. Economic factors
E. Demographics

102. The information that Bryan has collected in his competitive analysis can be referred to as _____.

A. corporate espionage
B. competitive intelligence
C. domain selection
D. strategic vision
E. mission statement

103. From Scenario B, based on Bryan's analysis of the competitive environment, it can be inferred that

A. the customers will face switching costs.
B. there are no competitors.
C. there are many substitutes.
D. there are no barriers to entry.
E. the threat of new entrants is high.

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104. Which of the following factors is indicated by the fact that it will require a large capital investment to start a new bed and breakfast?

A. High bargaining power of customers
B. Low threat of new entrants
C. High threat of new entrants
D. Many substitute products
E. Low bargaining power of customers

Scenario C. Parker Brothers is a high-end furniture manufacturer located in the Midwest. Mr. Herbert "Bud" Parker started the firm as a young man in the 1960s. The firm has grown, but with growth, it has never forgotten the vision of Mr. Parker: to be creative in all that the firm does while rewarding employees who show innovation and entrepreneurial leadership. Each year the Budding Genius Award is given to the employee who comes up with the best design or marketing idea. New employees are told of the organization's history of product innovation and are taken on a tour of the "Wall of Parker Legends," where pictures of outstanding employees are hung with descriptions of their accomplishments. Managers at the firm encourage their team members to take risks in proposing new ideas. The company prides itself on its product leadership.

105. The stories about the "Parker Legends" and the organization's most innovative designs are all clues to understanding the _____.

A. organization culture
B. company's macroenvironment
C. organization's competitive environment
D. collective competitive intelligence
E. organizational structure

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106. The culture at Parker Brothers can be best described as a(an) _____ culture.

A. clan
B. hierarchy
C. adhocracy
D. bureaucracy
E. market

107. Based on the information in Scenario C, which of the following is likely to be the dominant attribute of Parker Brothers?

A. Rules and regulations
B. Creativity
C. Competitiveness
D. Control
E. Collaboration

Scenario D. Lupe works for a small company that makes bottled ketchup, salsa, and other condiments. She reports to the CFO. It is her job to predict the costs of raw materials for the next five years. She uses various research sources, including the news, to learn who the competitors are and what they have been doing. In fact, she subscribes to an analyst e-newsletter that tells her about crop availability and weather conditions all around the globe. Every month she develops a spreadsheet for her boss indicating the likely costs of vegetables given the type of weather conditions expected in each area of the world and thus the availability of particular crops. She is also involved in a team that is investigating how to cut production costs. They have recently met with Fresh Sips, a company that bottles water. Fresh Sips is considered the top company in the bottled water industry, especially in bottling process knowledge. Lupe's team is comparing their processes to those of Fresh Sips to see how they might improve.

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108. When predicting the costs for her company, Lupe is engaging in _____.

A. forecasting
B. competitive intelligence
C. environmental scanning
D. benchmarking
E. scenario development

109. The information Lupe is using to compete in a better way is called _____.

A. mission statement
B. competitive intelligence
C. best-case scenario
D. organizational database
E. knowledge document

110. The spreadsheet that Lupe uses gives her a chance to examine different projections, which is a form of _____.

A. divestiture
B. strategic maneuvering
C. domain selection
D. benchmarking
E. scenario development

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111. Which of the following are Lupe and her team using when they learn from Fresh Sips about its bottling process?

A. Forecasting
B. Strategic maneuvering
C. Domain selection
D. Benchmarking
E. Scenario development

Essay Questions

112. List the elements of a firm's macroenvironment and illustrate how each affects the firm.

113. Give an example of a current societal trend and how it might affect a specific business. Explain the impact by using specific details.

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114.Explain how technology can help an organization.

115.Discuss how immigration patterns influence the management of the U.S. labor force.

116.Explain how sustainability and natural environment affect the management of an organization.

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117. Identify the different types of competitors that organizations must consider when analyzing their competitive environment.

118. List actions and attitudes that result in excellent customer service.

119. As environmental uncertainties increase, managers must develop techniques and methods for collecting, sorting through, and interpreting information about the environment. Discuss four of these methods, explaining when and why each would be used.

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120. Differentiate between unattractive and attractive competitive environments, using Porter's model of the competitive environment.

121. Summarize the different approaches of strategic maneuvering that organizations can take to change the environment they are in.

122. Explain two general types of proactive responses that managers and organizations can take to change the environment.

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123. Contrast bureaucratic and organic organizations.

124. Explain the different characteristics of strong corporate cultures and weak corporate cultures.

125. What are the clues to understanding an organization's culture? List the characteristics of a strong culture.

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126. Describe the culture of an organization that you have either worked in or studied about. Which of the four types of organizational culture described in the chapter does the organization illustrate? Justify your answer.

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Chapter 02 The External and Internal Environments Answer Key

True / False Questions

1. Organizations are open systems that affect and are affected by their external environments.

   TRUE

   Organizations are open systems—that is, they are affected by and in turn affect their external environments. For example, they take in inputs from their environment and use them to create products and services that are outputs to their environment.

   AACSB: Knowledge Application
   Accessibility: Keyboard Navigation
   Blooms: Remember
   Difficulty: 1 Easy
   Learning Objective: 02-01 Describe how environmental forces influence organizations and how organizations can influence their environments.
   Topic: Introduction

2. Raw materials are an example of inputs.

   TRUE

   Inputs are the goods and services organizations take in and use to create products or services. Outputs are the products and services organizations create.

   AACSB: Knowledge Application
   Accessibility: Keyboard Navigation
   Blooms: Remember
   Difficulty: 1 Easy
   Learning Objective: 02-01 Describe how environmental forces influence organizations and how organizations can influence their environments.
   Topic: Introduction

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3. When investors bid up stock prices, companies have less capital to fuel their strategies.

FALSE

An important economic influence on a company is the stock market. When investors bid up stock prices, they are paying more to own shares in companies, which means the companies have more capital to fuel their strategies.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-03 Explain why managers and organizations should attend to economic and social developments.
Topic: The Macroenvironment

4. A more diverse workforce presents managers with challenges as well as opportunities.

TRUE

A more diverse workforce has many advantages, but managers have to make certain they provide equality for women and minorities with respect to employment, advancement, opportunities, and compensation.

AACSB: Diversity
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-03 Explain why managers and organizations should attend to economic and social developments.
Topic: The Macroenvironment

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5. According to Michael Porter's model, the competitive environment includes rivalry among current competitors and the impact of new entrants, substitute and complementary products, suppliers, and customers.

TRUE

Michael Porter's model says that the competitive environment includes rivalry among current competitors and the impact of new entrants, substitute and complementary products, suppliers, and customers. According to Porter, successful managers do more than simply react to the environment; they act in ways that actually shape or change the organization's environment.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-04 Identify elements of the competitive environment.
Topic: The Competitive Environment

6. Organizations are at an advantage if they depend on a single powerful supplier because such dependency ensures consistency.

FALSE

Organizations are at a disadvantage if they become overly dependent on any powerful supplier. A supplier is powerful if the buyer has few other sources of supply or if the supplier has many other buyers.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Identify elements of the competitive environment.
Topic: The Competitive Environment

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7. Environmental uncertainty refers to the lack of information needed to understand or predict the future.

TRUE

Environmental uncertainty refers to the lack of information needed to understand or predict the future.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
Topic: Environmental Analysis

8. Enrico has used environmental scanning to gather information that will help him make his company more competitive. This is an example of cognitive intelligence.

FALSE

Competitive intelligence is the information that helps managers determine how to compete better. Using environmental scanning, managers develop competitive intelligence, the information necessary to decide how best to manage in the competitive environment they have identified.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
Topic: Environmental Analysis

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9. April, a manager in a call center, encourages her employees to solve customers' problems without her approval of the particular situation. In this case, April is trying to empower her employees.

TRUE

The process of sharing power with employees, thereby enhancing their confidence in their ability to perform their jobs and their belief that they are influential contributors to the organization is called empowerment.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 2 Medium
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
Topic: Responding to the Environment

10. A strong organization culture is one in which lower-level employees do not concern themselves with the firm's goals, priorities, and practices because management deals with those issues.

FALSE

Cultures can be strong or weak; strong cultures can have great influence on how people think and behave. A strong culture is one in which everyone understands and believes in the firm's goals, priorities, and practices.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-07 Discuss how an organization's culture and climate affect its response to its external environment.
Topic: The Internal Environment of Organizations: Culture and Climate

Multiple Choice Questions

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11. What term is used to describe all the relevant forces outside an organization's boundaries?

A. Environmental scanning
B. Competitive intelligence
C. External environment
D. Competitive environment
E. Organizational climate

The term *external environment* means more than an organization's clients or customers. The external environment includes all relevant forces outside the organization's boundaries.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-01 Describe how environmental forces influence organizations and how organizations can influence their environments.
Topic: Introduction

12. A firm's _____ includes its rivals, suppliers, customers, new entrants, substitutes, and complementary products.

A. environmental scanning
B. competitive intelligence
C. external environment
D. competitive environment
E. organizational climate

An organization exists in its competitive environment, which is composed of the firm and its rivals, suppliers, customers (buyers), new entrants, and substitute or complementary products.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-01 Describe how environmental forces influence organizations and how organizations can influence

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their environments.
Topic: Introduction

13. Stylin' Footwear buys leather and lesser quantities of cork, elastic, metal buckles, and other materials to manufacture shoes. Which of the following is Stylin's Footwear's output?

A. Leather
B. Cork
C. Elastic
D. Buckles
E. Shoes

Inputs are the goods and services organizations take in and use to create products or services. Outputs are the products and services organizations create.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 2 Medium
Learning Objective: 02-01 Describe how environmental forces influence organizations and how organizations can influence their environments.
Topic: Introduction

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14. Although a top executive team may have unique _____ strengths and ideas about its goals, it must consider _____ factors before taking action.

A. external; internal
B. internal; external
C. traditional; unconventional
D. unconventional; traditional
E. past; future

All organizations operate in a macroenvironment, which is defined by the most general elements in the external environment that potentially can influence strategic decisions. Although a top executive team may have unique internal strengths and ideas about its goals, it must consider external factors before taking action.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-02 Distinguish between the macroenvironment and the competitive environment.
Topic: The Macroenvironment

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15. Which of the following statements about the impact of the stock market is true?

A. The stock market has little effect on the amount of capital a company has.
B. If a company exceeds its performance expectations, its stock price will often drop.
C. Publicly held companies are more insulated from the stock market than privately held companies.
D. The stock market may have a profound effect on the behavior of individual managers.
E. Stock market fluctuations have little effect on the compensation of managers.

An important economic influence on a company is the stock market. When investors bid up stock prices, they are paying more to own shares in companies, which means the companies have more capital to fuel their strategies. The stock market can also have a profound effect on the behavior of individual managers. In publicly held companies, managers throughout the organization may feel required to meet the stock market's earnings expectations.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-03 Explain why managers and organizations should attend to economic and social developments.
Topic: The Macroenvironment

16. A failure to develop a strategy that incorporates _____ may doom a firm to obsolescence.

A. hierarchical bureaucracy
B. many layers of middle management
C. classic production methods
D. technological advances
E. closed communication systems

Today a company cannot succeed without incorporating into its strategy the astonishing technologies that exist and continue to evolve. Technological advances create new products, advanced production techniques, and better ways of managing and communicating.

AACSB: Knowledge Application

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Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-03 Explain why managers and organizations should attend to economic and social developments.
Topic: The Macroenvironment

17. Which of the following is a U.S. government policy or action that is most likely to provide an opportunity for businesses?

A. deductions in the tax code
B. fines on heavy polluters
C. laws against bribing officials
D. court rulings against monopolies
E. failure to rule a new product as safe

U.S. government policies impose strategic constraints on organizations but may also provide opportunities. The government can affect business opportunities through tax laws, economic policies, and international trade rulings. An example of restraint on business action is the U.S. government's standards regarding bribery.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Analyze
Difficulty: 3 Hard
Learning Objective: 02-03 Explain why managers and organizations should attend to economic and social developments.
Topic: The Macroenvironment

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18. What are demographics?

A. Trends regarding how the people within a society think and behave
B. Conditions that prevent new companies from entering an industry
C. Measures of various characteristics of the people who make up social units
D. The fixed costs that buyers face if they change suppliers
E. The lack of information needed to understand or predict the future

Demographics are measures of various characteristics of the people who make up groups or other social units. Work groups, organizations, countries, markets, and societies can be described statistically by referring to demographic measures, such as their members' age, gender, family size, income, education, and occupation.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Explain why managers and organizations should attend to economic and social developments.
Topic: The Macroenvironment

19. How is immigration affecting U.S. demographics?

A. It is increasing the diversity of the workforce.
B. It is decreasing the number of workers.
C. It is decreasing the number of consumers.
D. It is making the educational levels of the workforce more similar.
E. It is decreasing the amount of paperwork needed to hire workers.

A factor that significantly influences the U.S. population and labor force is immigration. Immigrants represent over 15 percent of the U.S. workforce, although immigrants are a stronger presence in the West (almost 24 percent of the workforce) than in the Midwest (less than 8 percent). Immigration is one reason the labor force of the future will be more ethnically diverse than it is today.

AACSB: Diversity

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Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-03 Explain why managers and organizations should attend to economic and social developments.
Topic: The Macroenvironment

20. Which of the following was introduced as the result of an evolving societal trend?

A. Shares of stock
B. Hourly wages
C. Levels of management
D. Offshoring
E. Family leave

Societal trends regarding how people think and behave have major implications for management of the labor force, corporate social actions, and strategic decisions about products and markets. For example, today more women are having children and then returning to the workforce. As a result companies have introduced more supportive policies, including family leave, flexible working hours, and child care assistance.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-03 Explain why managers and organizations should attend to economic and social developments.
Topic: The Macroenvironment

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21. Which of the following was designed to help managers analyze the competitive environment and adapt to or even influence the nature of competition?

A. Dell's IdeaStorm
B. Michael Porter's model
C. B2B selling
D. Peter Drucker's theory
E. Organizational smoothing

Michael Porter's model says that the competitive environment includes rivalry among current competitors and the impact of new entrants, substitute and complementary products, suppliers, and customers. According to Porter, successful managers do more than simply react to the environment; they act in ways that actually shape or change the organization's environment.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-04 Identify elements of the competitive environment.
Topic: The Competitive Environment

22. Which of the following is a barrier to entry?

A. Consumer demand for a product
B. Lack of brand recognition
C. The existence of a popular complement
D. A low-cost distribution method
E. An inexpensive production process

Barriers to entry are conditions that prevent new companies from entering an industry. Some major barriers to entry are government policy, capital requirements, brand identification, cost disadvantages, and distribution channels.

AACSB: Knowledge Application

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Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-04 Identify elements of the competitive environment.
Topic: The Competitive Environment

23. Klaus's office has always used Tangerine computers. His technical people have suggested that he switch all his employees over to Vale computers. Klaus is reluctant because it will mean not only replacing all the computers but also buying all new software and taking the time to train everyone. Klaus is worried about

A. barriers to entry.
B. benchmarking.
C. environmental uncertainty.
D. switching costs.
E. strategic maneuvering.

Dependence on suppliers results from high switching costs—the fixed costs buyers face if they change suppliers. For example, once a buyer learns how to operate a supplier's equipment, such as computer software, the buyer faces both economic and psychological costs in changing to a new supplier.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Analyze
Difficulty: 3 Hard
Learning Objective: 02-04 Identify elements of the competitive environment.
Topic: The Competitive Environment

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24. Supply chain management refers to the

A. search for information that is unavailable to most people and the process of interpreting what is important and what is not.
B. identification of the best-in-class performance by a company in a given area and the comparison of your processes to the company's processes.
C. procedure of sharing power with employees, thereby enhancing their confidence and their belief that they are influential contributors to the organization.
D. creation of new products, advanced production techniques, and better ways of managing and communicating.
E. managing of the network of facilities and people that obtain raw materials, transform them into products, and distribute them to customers.

Supply chain management is the managing of the entire network of facilities and people that obtain raw materials from outside the organization, transform them into products, and distribute them to customers.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Identify elements of the competitive environment.
Topic: The Competitive Environment

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25. The goal of _____ is having the right product in the right quantity at the right place at the right cost.

A. barriers to entry
B. benchmarking
C. supply chain management
D. empowerment
E. open systems

Today the goal of effective supply chain management is to have the right product in the right quantity available at the right place at the right cost. In recent years, supply chain management has become an increasingly important contributor to a company's competitiveness and profitability.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-04 Identify elements of the competitive environment.
Topic: The Competitive Environment

26. _____ means searching for and sorting through information about the environment.

A. Environmental uncertainty
B. Competitive intelligence
C. Domain selection
D. Environmental scanning
E. Strategic maneuvering

Environmental scanning means both searching out information that is unavailable to most people and sorting through that information to interpret what is and is not important.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

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Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
Topic: Environmental Analysis

27. A human resources manager is considering changing her company's vacation policy. Before she makes a proposal to the senior executive team, she researches the vacation policies of other leading companies in her industry. This is an example of _____.

A. benchmarking
B. demographics
C. inputs
D. buffering
E. smoothing

Benchmarking means identifying the best-in-class performance by a company in a given area, such as product development or customer service, and then comparing your processes to that company's processes. To accomplish this, a benchmarking team would collect information on its own company's operations and those of the other firm to determine gaps.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
Topic: Environmental Analysis

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28. What is the purpose of benchmarking?

A. To save money
B. To reduce the workforce
C. To adopt best practices
D. To expand internationally
E. To diversify products

Benchmarking means identifying the best-in-class performance by a company in a given area, such as product development or customer service, and then comparing your processes to that company's processes. To accomplish this, a benchmarking team would collect information on its own company's operations and those of the other firm to determine gaps. Ultimately, the team would map out a set of best practices that lead to world-class performance.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
Topic: Environmental Analysis

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29. Diversified Industries decides to use the expertise it has from its canned-pet-food division and its health-food division to enter the fast-growing market for fresh, natural pet foods. This is an example of

A. diversification.
B. benchmarking.
C. a merger.
D. domain selection.
E. an acquisition.

Domain selection is the entrance by a company into another suitable market or industry. For example, the market may have limited competition or regulation, ample suppliers and customers, or high growth.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Analyze
Difficulty: 3 Hard
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
Topic: Environmental Analysis

30. Which of the following is said to occur when two or more firms combine?

A. An acquisition
B. A takeover
C. A merger
D. Diversification
E. Downsizing

A merger occurs when two or more companies combine.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.

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Topic: Environmental Analysis

31. Which of the following is the best description of organizational culture?

A. Conditions that prevent new companies from entering an industry
B. The network that obtains raw materials, transforms them into products, and distributes them to customers
C. The process of searching out information that is unavailable to most people and sorting through it to interpret what is important and what is not
D. The process of comparing an organization's practices and technologies with those of other companies
E. A system of shared values about what is important and beliefs about how the world works

The organization culture is the set of important assumptions about the organization and its goals and the practices that members of the company share. It is a system of shared values about what is important and beliefs about how the world works.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-06 Define elements of an organization's culture.
Topic: The Internal Environment of Organizations: Culture and Climate

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32. Which of the following would be a sign of a weak organizational culture?

A. Everyone knows the organization's goals.
B. Everyone understands how things are done.
C. Everyone believes in the company's mission.
D. Everyone uses a rulebook to decide what to do.
E. Everyone helps new employees fit in.

Cultures can be strong or weak; strong cultures can have great influence on how people think and behave. A strong culture is one in which everyone understands and believes in the firm's goals, priorities, and practices. Employees in such companies don't need rule books to dictate how they act because these behaviors are conveyed as "the way we do things around here."

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Analyze
Difficulty: 3 Hard
Learning Objective: 02-07 Discuss how an organization's culture and climate affect its response to its external environment.
Topic: The Internal Environment of Organizations: Culture and Climate

33. Corporate mission statements, business practices, symbols and ceremonies, and the stories people tell can all give clues to

A. organizational climate.
B. organizational culture.
C. competitive environment.
D. external environment.
E. macroenvironment.

Corporate mission statements, business practices, symbols and ceremonies, and the stories people tell can all give clues to organizational culture.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

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Learning Objective: 02-07 Discuss how an organization's culture and climate affect its response to its external environment.
Topic: The Internal Environment of Organizations: Culture and Climate

34. In comparison to organizational culture, organizational climate

A. is more deeply held.
B. is based on values rather than attitudes.
C. does not have a discernible pattern.
D. can be measured more readily.
E. is less easy to manage.

Organizational climate consists of the patterns of attitudes and behavior that shape people's experience of an organization. In contrast to a culture's deeply held beliefs, values, and so on, an organization's climate can be measured more readily.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-07 Discuss how an organization's culture and climate affect its response to its external environment.
Topic: The Internal Environment of Organizations: Culture and Climate

35. Organizational climate consists of the patterns of _____ that shape people's experience of an organization.

A. attitudes and behavior
B. demographic characteristics
C. deeply held beliefs and values
D. inputs and outputs
E. buffering and smoothing

Organizational climate consists of the patterns of attitudes and behavior that shape people's experience of an organization. In contrast to a culture's deeply held beliefs, values, and so on, an organization's climate can be measured more readily.

AACSB: Knowledge Application

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Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-07 Discuss how an organization's culture and climate affect its response to its external environment.
Topic: The Internal Environment of Organizations: Culture and Climate

36. Organizations are _____ systems, which means that they are affected by and in turn affect their external environments.

A. input
B. output
C. open
D. closed
E. social

Organizations are open systems; that is, they are affected by and in turn affect their external environments. For example, they take in inputs from their environment and use them to create products and services that are outputs to their environment.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-01 Describe how environmental forces influence organizations and how organizations can influence their environments.
Topic: Introduction

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37. Fujiko, a new manager at a company, has been asked to focus on the competitive environment of the organization. Which of the following is a factor Fujiko should focus on?

A. Government regulation
B. Economic performance
C. Demographics
D. Rivals
E. Technology

The competitive environment is composed of the firm and its rivals, suppliers, customers (buyers), new entrants, and substitute or complementary products. At the more general level is the macroenvironment, which includes legal, political, economic, technological, demographic, and social and natural factors that generally affect all organizations.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 2 Medium
Learning Objective: 02-01 Describe how environmental forces influence organizations and how organizations can influence their environments.
Topic: Introduction

38. The immediate environment surrounding a firm is known as its

A. macroenvironment.
B. demographic environment.
C. competitive environment.
D. internal environment.
E. economic environment.

Competitive environment is the immediate environment surrounding a firm; it includes suppliers, customers, rivals, and the like.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Remember

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Difficulty: 1 Easy
Learning Objective: 02-01 Describe how environmental forces influence organizations and how organizations can influence their environments.
Topic: Introduction

39. _____ lead to new products, advanced production facilities, and better ways of managing and communicating.

A. Demographic shifts
B. Societal preferences
C. Political changes
D. Technological advances
E. Economic turbulences

Technological advances create new products, advanced production techniques, and better ways of managing and communicating. In addition, as technology evolves, new industries, markets, and competitive niches develop.

AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-03 Explain why managers and organizations should attend to economic and social developments.
Topic: The Macroenvironment

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40. Advances in 3-D printing have made it easier and faster for architects to create models of proposed building designs to help clients make more informed decisions. These advances are an example of changes in the _____ environment.

A. technological
B. economic
C. political
D. demographic
E. biophysical

Technological advances create new products, advanced production techniques, and better ways of managing and communicating. In addition, as technology evolves, new industries, markets, and competitive niches develop.

AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Analyze
Difficulty: 3 Hard
Learning Objective: 02-03 Explain why managers and organizations should attend to economic and social developments.
Topic: The Macroenvironment

41. Using bribery as a business tactic may result in fines for U.S. firms. Which of the following types of environmental forces at work does this reflect?

A. Competitive
B. Economic
C. Legal
D. Technological
E. Demographic

An example of laws and regulations in the macroenvironment is the U.S. government's standards regarding bribery. In some countries, bribes and kickbacks are common and expected ways of doing business, but for U.S. firms they are illegal practices.

AACSB: Knowledge Application

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Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-03 Explain why managers and organizations should attend to economic and social developments.
Topic: The Macroenvironment

42. _____ are specific government organizations in a firm's more immediate task environment.

A. Open systems
B. Regulators
C. Prospectors
D. Stakeholders
E. Defenders

Regulators are specific government organizations in a firm's more immediate task environment. Regulatory agencies have the power to investigate company practices and take legal action to ensure compliance with laws. The Securities and Exchange Commission is a regulatory agency.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Explain why managers and organizations should attend to economic and social developments.
Topic: The Macroenvironment

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43. _____ are measures of various characteristics of the people who make up groups or other social units.

A. Psychographics
B. Demographics
C. Domain selections
D. Lifestyle analytics
E. Group dynamics

Demographics are measures of various characteristics of the people who make up groups or other social units. Work groups, organizations, countries, markets, and societies can be described statistically by referring to demographic measures such as their members' age, gender, family size, income, education, occupation, and so forth.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Explain why managers and organizations should attend to economic and social developments.
Topic: The Macroenvironment

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44. The recent legalization of same-sex marriage has major implications for how companies manage their labor force. For example, companies must now make sure their benefit packages include all types of family structures. This is an example of how _____ trends affect businesses.

A. psychological
B. political
C. economic
D. technological
E. societal

Societal trends regarding how people think and behave have major implications for management of the labor force, corporate social actions, and strategic decisions about products and markets. How companies respond to societal trends may affect their reputation in the marketplace.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Analyze
Difficulty: 3 Hard
Learning Objective: 02-03 Explain why managers and organizations should attend to economic and social developments.
Topic: The Macroenvironment

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45. Which of the following is an element of Michael Porter's model for analyzing the competitive environment of an organization?

A. Substitutes
B. Cost strategy
C. Societal trends
D. Regulatory forces
E. Demographics

According to Michael Porter's model, the competitive environment of an organization includes rivalry among current competitors and the impact of new entrants, substitute and complementary products, suppliers, and customers.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Identify elements of the competitive environment.
Topic: The Competitive Environment

46. A firm's current competition, suppliers, customers, and the threat of new entrants or of substitutes are all elements in the _____.

A. task environment
B. Peter's model for organizational excellence
C. microenvironment
D. Porter's model for competitive environment
E. supply chain management

Michael Porter's model of the competitive environment includes rivalry among current competitors and the impact of new entrants, substitute and complementary products, suppliers, and customers.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Remember

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Difficulty: 1 Easy
Learning Objective: 02-04 Identify elements of the competitive environment.
Topic: The Competitive Environment

47. Venus was a low-cost airline that operated in the 1980s. Industry analysts state that although Venus was able to provide all the services the customers wanted, it was thrown out of business because of aggressive pricing from larger airline firms. Which of the following aspects of the competitive environment does this scenario illustrate?

A. Customers
B. Rivals
C. Regulators
D. The economy
E. Social trends

The competitive environment includes rivalry among current competitors and the impact of new entrants, substitute and complementary products, suppliers, and customers. In this scenario, the larger airlines constitute the rivals of Venus. The competitive environment is composed in part of rival firms such as the larger airlines in this example.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Analyze
Difficulty: 3 Hard
Learning Objective: 02-04 Identify elements of the competitive environment.
Topic: The Competitive Environment

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48. Conditions that may prevent new firms from entering an industry are referred to as _____.

A. barriers to entry
B. strategic maneuvers
C. unfair trade practices
D. industry regulators
E. entry inhibitors

Barriers to entry are conditions that prevent new companies from entering an industry. Patents are an example of a barrier to entry.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Identify elements of the competitive environment.
Topic: The Competitive Environment

49. Hospitals and universities are very expensive to run not only due to the capital equipment that is required for each but also due to the personnel such as specialized medical doctors and researchers. The cost of these types of institutions is an example of _____.

A. a barrier to entry
B. environmental uncertainty
C. unfair competition
D. high switching costs
E. strategic maneuvering

Barriers to entry are conditions that prevent new companies from entering an industry. In this case, the industries are medicine and education, and the equipment and personnel are extremely expensive and perhaps scarce, leading to barriers to entry.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Analyze
Difficulty: 3 Hard

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Learning Objective: 02-04 Identify elements of the competitive environment.
Topic: The Competitive Environment

50. A(n) _____ is a potential threat; customers use it as an alternative, buying less of one kind of product but more of another.

A. new entrant
B. substitute
C. ensemble
D. divestiture
E. complement

A substitute is a potential threat; customers use it as an alternative, buying less of one kind of product but more of another. A complement is a potential opportunity because customers buy more of a given product if they also demand more of the complementary product.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Identify elements of the competitive environment.
Topic: The Competitive Environment

51. If many factors prevent new companies from entering an industry, the

A. threat of new entrants is more serious.
B. threat of competitive rivalry is high.
C. threat to established firms is less serious.
D. new companies can easily compete with the established ones.
E. industry is said to have just a few barriers to entry.

If many factors prevent new companies from entering an industry, the threat to established firms is less serious. If there are few such barriers to entry, the threat of new entrants is more serious.

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Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-04 Identify elements of the competitive environment.
Topic: The Competitive Environment

52. Which of the following is an example of a potential substitute product?

A. Margarine for butter
B. Ink cartridges for printers
C. Mops for detergent
D. iTunes for iPods
E. Furniture for apartments

A substitute is a potential threat; customers use it as an alternative, buying less of one kind of product but more of another. Margarine is a substitute for butter, where customers can use it as an alternative. The remaining choices are examples of complements.

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Blooms: Apply
Difficulty: 2 Medium
Learning Objective: 02-04 Identify elements of the competitive environment.
Topic: The Competitive Environment

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53. Organizations must acquire a variety of resources in order to produce a product or service of value. These resources may include materials, equipment, financing, or even employees. The sources that provide these various resources are referred to as _____.

A. warehouse clubs
B. regulators
C. retailers
D. suppliers
E. prospectors

Organizations must acquire resources (inputs) from their environment and convert them into products or services (outputs) to sell. Suppliers provide resources needed for production in the form of people (trade schools and universities), raw materials (producers, wholesalers, and distributors), information (researchers and consulting firms), and financial capital (banks).

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Identify elements of the competitive environment.
Topic: The Competitive Environment

54. _____ are fixed costs buyers face if they change suppliers.

A. Changing costs
B. Switching costs
C. Renewable costs
D. Exchange costs
E. Sunk costs

Dependence on suppliers can result from high switching costs—the fixed costs buyers face if they change suppliers.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Remember

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Difficulty: 1 Easy
Learning Objective: 02-04 Identify elements of the competitive environment.
Topic: The Competitive Environment

55. Mount Albion Financial Planning uses the services of Food-to-Go, which runs the employee cafeteria in the building and also caters business meetings at a discounted rate because of the volume of business it does with Mount Albion. The other available cafeteria services do not provide catering. In this case, if Mount Albion decides to terminate Food-to-Go's contract and shift to some other service, it is likely to create _____.

A. high employment costs
B. redemption costs
C. favorable quality status
D. complementary products
E. high switching costs

Switching costs are fixed costs buyers face if they change suppliers. In this case, if Mount Albion terminates Food-to-Go and hires a new service, Mount Albion would incur high switching costs, because it would have to hire a separate caterer at nondiscounted rates.

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Blooms: Apply
Difficulty: 2 Medium
Learning Objective: 02-04 Identify elements of the competitive environment.
Topic: The Competitive Environment

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56. _____ refers to management of the network of facilities and people that obtain materials from the outside, transform them into products, and distribute the products to customers.

A. Inventory management
B. Strategic maneuvering
C. Human resource management
D. Customer service
E. Supply chain management

Supply chain management refers to managing the entire network of facilities and people that obtain raw materials from outside the organization, transform them into products, and distribute them to customers. In recent years, supply chain management has become an increasingly important contributor to a company's competitiveness and profitability.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Identify elements of the competitive environment.
Topic: The Competitive Environment

57. A customer who purchases raw materials or wholesale products before selling them to other parties is known as a(n) _____.

A. final purchaser
B. intermediate consumer
C. final customer
D. first-tier supplier
E. preliminary customer

Intermediate consumers buy raw materials or wholesale products and then sell to final consumers, as when Sony buys components from IBM and uses them to make PS3 consoles.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Remember

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Difficulty: 1 Easy
Learning Objective: 02-04 Identify elements of the competitive environment.
Topic: The Competitive Environment

58. The main difference between a final consumer and an intermediate consumer is that

A. the intermediate consumer purchases finished products, whereas the final consumer buys only raw materials.
B. intermediate consumers buy raw materials and sell finished products to final consumers, who use them.
C. final consumers make more purchases than the intermediate consumers.
D. unlike final consumers, intermediate consumers provide monetary benefits to organizations by purchasing their products.
E. final consumers tend to have more bargaining power than intermediate consumers.

Intermediate consumers buy raw materials or wholesale products and then sell to final consumers, as when Sony buys components from IBM and uses them to make PS3 consoles. A final consumer is a customer who purchases products in their finished form.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-04 Identify elements of the competitive environment.
Topic: The Competitive Environment

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59. Giving consumers what they want or need, the way they want it, the first time is known as _____.

A. planned merchandise
B. planned obsolescence
C. customer service
D. cause marketing
E. operations management

Customer service means giving customers what they want or need, the way they want it, the first time. This usually depends on the speed and dependability with which an organization can deliver its products.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Identify elements of the competitive environment.
Topic: The Competitive Environment

60. Environmental _____ refers to the degree of discontinuous change that occurs within the industry.

A. complexity
B. dysfunction
C. contracting
D. cooptation
E. dynamism

Environmental dynamism refers to the degree of discontinuous change that occurs within the industry. High-growth industries with products and technologies that change rapidly tend to be more uncertain than stable industries where change is less dramatic and more predictable.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Remember

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Difficulty: 1 Easy
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
Topic: Environmental Analysis

61. Hi-Performer Sporting Equipment managers engage in an annual organizational assessment, trying to predict industry changes as well as possible opportunities and threats. They look at issues, such as who their competitors are, current entry barriers, and what substitutes exist for their products. This assessment is called _____.

A. scenario development
B. forecasting
C. benchmarking
D. environmental scanning
E. strategic maneuvering

Environmental scanning means both searching out information that is unavailable to most people and sorting through that information to interpret what is important and what is not. Managers ask questions such as these: "Who are our current competitors?" "Are there few or many entry barriers to our industry?" and "What substitutes exist for our product or service?"

AACSB: Knowledge Application
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Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
Topic: Environmental Analysis

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62. An outcome of environmental scanning is _____, which is the information necessary to decide how best to manage in a given competitive environment.

A. corporate governance
B. strategic vision
C. competitive intelligence
D. corporate espionage
E. competitive dissertation

Answers to environmental scanning questions help managers develop competitive intelligence, the information necessary to decide how best to manage in the competitive environment they have identified.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
Topic: Environmental Analysis

63. Alicia writes a narrative that describes what she thinks will happen to her catering business if consumer interest in healthy cuisine continues to grow. This narrative is an example of _____.

A. benchmarking
B. a scenario
C. strategic maneuvering
D. a divestiture
E. strategic vision

As managers attempt to determine the effect of environmental forces on their organizations, they frequently develop scenarios of the future. A scenario is a narrative that describes a particular set of future conditions.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply

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Difficulty: 2 Medium
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
Topic: Environmental Analysis

64. _____ create alternative combinations of different factors into a total picture of the environment and a firm.

A. Scenarios
B. Forecasts
C. Benchmarks
D. Competitive intelligences
E. Strategic maneuvers

As managers attempt to determine the effect of environmental forces on their organizations, they frequently develop scenarios of the future. Scenarios create alternative combinations of different factors into a total picture of the environment and the firm.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
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65. Which of the following combinations can result in a best-case scenario?

A. Many competitors, high threat with and few entry barriers, and few customers
B. Many competitors, high threat with and few entry barriers, and many customers
C. Few entry barriers, many substitutes, and many customers
D. High industry growth, low threat with and many entry barriers, and customers with low bargaining power
E. Low industry growth, high threat with and few entry barriers, and suppliers with low bargaining power

High industry growth, many barriers to entry, and a situation where customers have low bargaining power are all events that are favorable to a firm and therefore can be considered as a best-case scenario.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Analyze
Difficulty: 3 Hard
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
Topic: Environmental Analysis

66. The method for predicting how variables will change in the future is known as _____.

A. budgeting
B. buffering
C. forecasting
D. benchmarking
E. scanning

Forecasting is used to predict exactly how some variable or variables will change in the future. For example, in making capital investments, firms may try to forecast how interest rates will change.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Remember

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Difficulty: 1 Easy
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
Topic: Environmental Analysis

67. Which of the following is true about using forecasts?

A. Multiple forecasts are best, and their predictions can be averaged.
B. Forecasts become more accurate while predicting further into the future.
C. Forecasts are useless when the future will look radically different from the past.
D. The more complex the forecast, the more accurate are the predictions.
E. The accuracy of forecasts does not vary from one application to another.

Forecasting is a method for predicting how will change in the future. The best advice for using forecasts includes using multiple forecasts and averaging their predictions.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
Topic: Environmental Analysis

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68. Harry, who works as a manager for a manufacturing company, investigates what computer programs his company's five biggest rivals use for placing and tracking customer orders. He then compares the features of those programs with the program his company uses. What process has Harry used?

A. Scenario planning
B. Forecasting
C. Benchmarking
D. Environmental scanning
E. Strategic maneuvering

Benchmarking refers to the process of comparing an organization's practices and technologies with those of other companies. To accomplish this, a benchmarking team would collect information on its own company's operations and those of the other firm to determine gaps.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 2 Medium
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
Topic: Environmental Analysis

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69. To improve customer service in its overseas call center, Bolt Smartphones decided to investigate the call center practices of competing companies. The team discovered that a smaller company, Grasshopper Phones Inc., seemed to have outstanding customer service. The team then determined differences between the organizations and developed a plan to incorporate the best elements of Grasshopper into Bolt. This illustrates _____.

A. environmental dynamism
B. benchmarking
C. strategic maneuvering
D. cooperative action
E. forecasting

Benchmarking refers to the process of comparing an organization's practices and technologies with those of other companies. To accomplish this, a benchmarking team would collect information on its own company's operations and those of the other firm to determine gaps.

AACSB: Knowledge Application
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Blooms: Apply
Difficulty: 2 Medium
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
Topic: Environmental Analysis

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70. Domain selection, diversification, mergers/acquisitions, and divestiture are all examples of _____.

A. illegal boundary management
B. maneuvering the competition
C. strategic maneuvering
D. independent strategies
E. portfolio maneuvering

Strategic maneuvering is an organization's conscious efforts to change the boundaries of its task environment. Managers can use several strategic maneuvers, including domain selection, diversification, merger and acquisition, and divestiture.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
Topic: Responding to the Environment

71. _____ occurs when a firm invests in different types of businesses or products or when it expands geographically to reduce its dependence on a single market or technology.

A. Domain selection
B. Diversification
C. Acquisition
D. Divestiture
E. Empowerment

Diversification occurs when a firm invests in different types of businesses or products or when it expands geographically to reduce its dependence on a single market or technology. Apple successfully diversified its product line when it added the iPod, iTouch, iPad, and iPhone to its offerings of personal computers.

AACSB: Knowledge Application

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Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
Topic: Responding to the Environment

72. The entrance by a company into another market or industry for which it has an existing expertise is called _____.

A. benchmarking
B. strategic positioning
C. outsourcing
D. domain selection
E. cooptation

Domain selection is the entrance by a company with an existing expertise into another suitable market or industry. For example, the market may have limited competition or regulation, ample suppliers and customers, or high growth.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
Topic: Responding to the Environment

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73. One firm buying another is called a(n) _____.

A. merger
B. acquisition
C. divestiture
D. prospective
E. defender

An acquisition is one firm buying another. Acquisitions can offer greater efficiency from combined operations or can give companies relatively quick access to new markets or industries.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
Topic: Responding to the Environment

74. Fashion Forward Accessories recently announced that it was selling off its scarf division in order to realign itself more competitively in the marketing of its other products, particularly its purse and belt divisions. Which of the following strategic maneuvers is illustrated in this scenario?

A. Diversification
B. An acquisition
C. A merger
D. Divestiture
E. Domain selection

Divestiture occurs when a firm sells one or more of its businesses. In the given scenario, Fashion Forward's selling its scarf division is an example of divestiture.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Analyze

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Difficulty: 3 Hard
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
Topic: Responding to the Environment

75. Two general types of proactive strategies for influencing an organization's environment are _____.

A. dependent strategies and independent strategies
B. independent action and cooperative action
C. cooperative strategies and strategic maneuvering
D. strategic maneuvering and dependent strategies
E. independent action and strategic maneuvering

Managers and organizations can develop proactive responses aimed at changing the environment. Two general types of proactive responses are independent action and cooperative action.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
Topic: Responding to the Environment

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76. _____ strategies are used by an organization acting on its own to change some aspect of its current environment.

A. Flexible
B. Buffering
C. Independent
D. Smoothing
E. Cooperative

Two general types of proactive responses are independent action and cooperative action. A company uses independent strategies when it acts on its own to change some aspect of its current environment.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
Topic: Responding to the Environment

77. Titan and Spencer-Fields are the two leading online booksellers. Recently, Titan engaged in an online price war with Spencer-Fields in order to gain greater market share. This is an example of _____ on the part of Titan.

A. cooptation
B. voluntary action
C. competitive pacification
D. competitive aggression
E. environmental scanning

Competitive aggression is exploiting a distinctive competence (such as Walmart being the world's largest retailer and offering aggressive pricing) or improving internal efficiency for competitive advantage. Examples include aggressive pricing and comparative advertising.

AACSB: Knowledge Application

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Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 2 Medium
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
Topic: Responding to the Environment

78. Grandma Myrtle's Tasty Treats is a company that sells different varieties of snack cakes. When Grandma Myrtle's Tasty Treats spends its own money to promote the snack cake industry as a whole, the company is practicing _____.

A. competitive aggression
B. competitive pacification
C. public relations
D. voluntary cooptation
E. comparative action

Competitive pacification is an independent action to improve relations with competitors, such as Grandma Myrtle's promotion of the snack cake industry as a whole.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 2 Medium
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
Topic: Responding to the Environment

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79. When a brand advertises its products as being superior to that of its competitors, it is demonstrating _____.

A. competitive aggression
B. competitive pacification
C. benchmarking
D. political action
E. cooptation

Competitive aggression is exploiting a distinctive competence or improving internal efficiency for competitive advantage. Aggressive pricing and comparative advertising are examples of competitive aggression.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
Topic: Responding to the Environment

80. When two or more companies work together to manage their external environment, they are using _____.

A. monopolistic strategies
B. strategic maneuvering
C. cooperative strategies
D. dependent strategies
E. competitive strategies

In some situations, two or more organizations work together to influence the environment. This is referred to as cooperative strategy. These strategies include cooptation, coalition, and contraction.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Remember

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Difficulty: 1 Easy
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
Topic: Responding to the Environment

81. Quartermaine University has just formed a board of trustees and invited 25 of its wealthiest alumni to join. In this example, Quartermaine University is demonstrating _____.

A. contraction
B. cooptation
C. coalition
D. political action
E. voluntary action

Cooptation is absorbing new elements into the organization's leadership structure to avert threats to its stability or existence. An example of cooptation might occur when universities invite wealthy alumni to join their boards of directors.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
Topic: Responding to the Environment

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82. Wellspring Health and United Coverage are two health insurance companies that have joined forces with one another to lobby against a new regulation that will affect their ability to deny claims. This action is referred to as _____.

A. contraction
B. coalition
C. cooptation
D. domain selection
E. benchmarking

A coalition is two or more groups that coalesce and act jointly with respect to some set of issues for some period of time. An example of coalition formation might be when local businesses band together to curb the rise of employee health care costs and when organizations in the same industry form industry associations and special interest groups.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Analyze
Difficulty: 3 Hard
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
Topic: Responding to the Environment

83. The process of sharing power with employees is called _____.

A. empowerment
B. downgrading
C. benchmarking
D. vertical synergy
E. power building

Empowerment is the process of sharing power with employees, thereby enhancing their confidence in their ability to perform their jobs and their belief that they are influential contributors to the organization.

AACSB: Knowledge Application

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Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
Topic: Responding to the Environment

84. Bette recently got promoted to a managerial role in a bureaucratic organization. The industry was changing dramatically, and Bette suggested that the management team encourage employees to develop confidence by giving them some control and authority in order to create a more flexible, adaptable organization. Here, Bette is suggesting the use of _____ with employees.

A. smoothing
B. benchmarking
C. empowerment
D. cooptation
E. coalition

Empowerment is the process of sharing power with employees, thereby enhancing their confidence in their ability to perform their jobs and their belief that they are influential contributors to the organization.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 2 Medium
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
Topic: Responding to the Environment

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85. Creating supplies of excess resources in case of unpredictable needs is known as _____.

A. cooptation
B. smoothing
C. flexible processing
D. empowering
E. buffering

To help organizations compete, they can create buffers on both the input and output boundaries with the environment. Buffering creates supplies of excess resources to meet unpredictable needs.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
Topic: Responding to the Environment

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86. Lana owns Party Platter, a store that specializes in festive decorations and attractive but disposable tableware. She is projecting that the economy will rebound this fall. She ordered additional holiday-themed merchandise in February in anticipation of possible surge in sales during the holiday season. In this case, which of the following methods is Lana using to be sure that she has enough gifts for extra holiday customers?

A. Just-in-time inventory
B. Smoothing
C. Benchmarking
D. Buffering
E. Diversification

Buffering is creating supplies of excess resources in case of unpredictable needs. In Lana's case, she has accumulated additional inventory to sell during the holiday season because demand is unpredictable.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Analyze
Difficulty: 3 Hard
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
Topic: Responding to the Environment

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87. Leveling normal fluctuations at the boundaries of the environment is called _____.

A. buffering
B. smoothing
C. flexible processing
D. empowerment
E. coalition

Smoothing refers to the process of leveling normal fluctuations at the boundaries of the environment. For example, during winter months in the north, when automobile sales drop off, it is not uncommon for dealers to cut the price of their in-stock vehicles to increase demand.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
Topic: Responding to the Environment

88. Methods for adapting the technical core to changes in the environment are known as _____.

A. flexible processes
B. smoothing effects
C. buffering techniques
D. benchmarking tools
E. environmental scanners

Flexible processes are methods for adapting the technical core to changes in the environment. For example, firms increasingly try to customize their goods and services to meet the varied and changing demands of customers.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.

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Topic: Responding to the Environment

89. NBIC (National Bicycle Industrial Company) of Japan specializes in mass customization in order to cater to the changing demands of its customers. Customers can choose the frame and other parts of the bicycle and it is made according to their order. This is one example of how NBIC uses _____.

A. cooptation
B. flexible processes
C. smoothing techniques
D. benchmarking
E. diversification

Flexible processes are methods for adapting the technical core to changes in the environment. For example, firms increasingly try to customize their goods and services to meet the varied and changing demands of customers.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Analyze
Difficulty: 3 Hard
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
Topic: Responding to the Environment

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90. The set of important assumptions about an organization and its goals and practices that members of the company share is called organization _____.

A. culture
B. design
C. climate
D. layout
E. structure

Organization culture is the set of important assumptions about an organization and its goals and practices that members of the company share. It is a system of shared values about what is important and beliefs about how the world works.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-06 Define elements of an organization's culture.
Topic: The Internal Environment of Organizations: Culture and Climate

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91. New Horizons is a communication and information technology corporation. The company makes it a point to stress to its employees that innovation is its core strength. The employees even get an hour a day to brainstorm and come up with out-of-the-box ideas. This highlights the _____ of the company.

A. cooperative strategies
B. external environment
C. organization culture
D. competitive pacification
E. domain selection

The organization culture is the set of important assumptions about the organization and its goals and the practices that members of the company share. It is a system of shared values about what is important and beliefs about how the world works. In this way, a company's culture provides a framework that organizes and directs people's behavior on the job.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-06 Define elements of an organization's culture.
Topic: The Internal Environment of Organizations: Culture and Climate

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92. Pedro has been offered jobs at two different retail companies and needs to decide which one to accept. Which of the following can be a useful clue about each organization's culture?

A. The way employees interact with customers
B. Information printed in the media about stock prices
C. The macroenvironment
D. The personality characteristics of employees
E. The industrial environment

The culture of an organization may be difficult for an observer to define easily, yet it can often be sensed almost immediately. The ways people dress and behave or the ways they interact with each other and with customers are clues to an organization culture.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-06 Define elements of an organization's culture.
Topic: The Internal Environment of Organizations: Culture and Climate

93. Which of the following statements about organizational culture is true?

A. Corporate mission statements are always a true expression of a firm's culture.
B. Who is hired and fired and why indicate the firm's real value and are a clue to the culture.
C. A firm with a strong culture will have different people holding different values.
D. A culture that was advantageous in a prior era continues to be so in a new environment.
E. It is unnecessary to consider culture when considering a merger.

For diagnosing a culture, status symbols can give an individual a feel for how rigid the hierarchy is and for the nature of relationships between lower and higher levels. Who is hired and fired—and why—and the activities that are rewarded indicate the firm's real values.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

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Learning Objective: 02-07 Discuss how an organization's culture and climate affect its response to its external environment.
Topic: The Internal Environment of Organizations: Culture and Climate

94. According to the competing values model, if an organization's culture is based on control, efficiency, formal structures, and secure employment, it could be best described as a(n) _____.

A. hierarchy
B. clan
C. market
D. adhocracy
E. meritocracy

A hierarchy is based on control. Leaders are efficiency minded; the group is formalized and structured, employment is secure, success is defined as "better and better," and the brand is not fully understood.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-07 Discuss how an organization's culture and climate affect its response to its external environment.
Topic: The Internal Environment of Organizations: Culture and Climate

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95. According to the competing values model, if an organization's culture is competitive and goal oriented, its leaders are results oriented, and the focus is on achievement and winning, it could be best described as a(n) _____ culture.

A. hierarchy
B. clan
C. market
D. adhocracy
E. meritocracy

The market culture is results oriented, competitive, goal oriented, and focused on achievement and winning. Success is defined as market share, and the brand is a competitive advantage.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-07 Discuss how an organization's culture and climate affect its response to its external environment.
Topic: The Internal Environment of Organizations: Culture and Climate

96. The attitude and behavior patterns that shape people's experience of an organization is called an organizational _____.

A. culture
B. climate
C. environment
D. strategy
E. adhocracy

Organizational climate consists of the patterns of attitudes and behavior that shape people's experience of an organization. In contrast to a culture's deeply held beliefs, values, and so on, an organization's climate can be measured more readily.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Understand

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Difficulty: 2 Medium

Learning Objective: 02-07 Discuss how an organization's culture and climate affect its response to its external environment.

Topic: The Internal Environment of Organizations: Culture and Climate

Scenario A. Marietta's Attic is a small retail store that specializes in antique figurines and decorative knickknacks. In analyzing the environment, Marietta has uncovered the following interesting findings:

1. Marietta has recently purchased more inventory than in the past. The people from whom she buys are selling off more knickknacks because their children are not interested in this type of decorative items and they would prefer to liquidate unnecessary household items to help them with their daily expenses.
2. Marietta discovered that her business is in a historical preservation district. As she considers remodeling the shop, she realized that she must pay attention to the guidelines set forth in the governing laws.
3. Marietta's buyer-customer base seems to be changing. The tastes of the younger generation near her shop are shifting to modern decor, so the customer base to which she sells is shrinking.
4. Marietta has been told that she should consider selling her inventory via the Internet, but she does not own (or understand how to use) a computer.
5. In reading a survey of regional business, Marietta discovered that there are no other antique knickknack stores within 200 miles.

97. In Scenario A, which of the following elements of the macroenvironment was part of Marietta's findings?

A. Sustainability
B. Psychology
C. Corporate governance
D. Sociology
E. Technology

The macroenvironment includes legal and political, economic, technological, demographic, social, and natural factors that generally affect all organizations. The only one of these categories mentioned in the question is technology, illustrated by selling on the Internet.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

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Blooms: Analyze
Difficulty: 3 Hard
Learning Objective: 02-01 Describe how environmental forces influence organizations and how organizations can influence their environments.
Topic: Introduction

98. When Marietta read the survey of regional businesses, she was investigating _____.

A. the competitive environment
B. the macroenvironment
C. a closed environment
D. the internal environment
E. the social environment

The competitive environment is composed of current competitors, suppliers, customers (buyers), new entrants, and substitute or complementary products.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 2 Medium
Learning Objective: 02-01 Describe how environmental forces influence organizations and how organizations can influence their environments.
Topic: Introduction

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99. Findings about changing customer preferences and others who sell antique knickknacks are associated with the

A. competitive environment as described by Porter.
B. macroenvironmental economic trends.
C. macroenvironmental political trends.
D. amount of rivalry in Marietta's internal environment.
E. barriers to entry in Marietta's competitive environment.

The competitive environment as described by Porter includes both suppliers (those selling the antiques) and customers (those buying the antiques). The competitive environment also includes new entrants, substitutes and complements, as well as rival firms.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 2 Medium
Learning Objective: 02-04 Identify elements of the competitive environment.
Topic: The Competitive Environment

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100. Which of the following elements of the macroenvironment is most closely associated with the findings about the historical preservation district?

A. Laws and regulations
B. The economy
C. Demographics
D. Technology
E. The natural environment

The macroenvironment is the general environment, including governments, economic conditions, and other fundamental factors that generally affects all organizations. Laws and regulations are part of the macroenvironment and affect Marietta by dictating how she can renovate her shop based on the prevailing rules of the historical preservation district her shop is in.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Analyze
Difficulty: 3 Hard
Learning Objective: 02-02 Distinguish between the macroenvironment and the competitive environment.
Topic: The Macroenvironment

Scenario B. Bryan and his wife are investigating the possibility of starting a new bed and breakfast in Silver Eagle, a small town in the Rocky Mountains in Colorado. It has been Bryan's lifelong dream. Bryan has won a lottery and is trying to decide if this is what he wants to do with the prize money. He decides to do an analysis of the competitive environment. After his analysis, he discovers several important issues. First, it will cost most of Bryan's lottery winnings to finance a bed and breakfast in Silver Eagle. Second, it will be difficult to attract new customers because they have so many lodging choices available to them in Silver Eagle and the surrounding towns. Finally, the competition in the bed and breakfast industry is considered fierce by industry analysts and this is frightening to someone, like Bryan, who has never worked in that industry.

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101. Which of the following factors would Bryan have considered while analyzing the competitive environment?

A. Technology
B. Substitutes
C. Legal factors
D. Economic factors
E. Demographics

The competitive environment as described by Michael Porter includes suppliers, customers, new entrants, substitutes and complements, as well as rival firms.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-04 Identify elements of the competitive environment.
Topic: The Competitive Environment

102. The information that Bryan has collected in his competitive analysis can be referred to as _____.

A. corporate espionage
B. competitive intelligence
C. domain selection
D. strategic vision
E. mission statement

Competitive intelligence is the information necessary to decide how best to manage in the competitive environment managers have identified.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.

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Topic: Environmental Analysis

103. From Scenario B, based on Bryan's analysis of the competitive environment, it can be inferred that

A. the customers will face switching costs.
B. there are no competitors.
C. there are many substitutes.
D. there are no barriers to entry.
E. the threat of new entrants is high.

The competitive environment includes rivalry among current competitors and the impact of new entrants, substitute and complementary products, suppliers, and customers. Based on Bryan's analysis of the competitive environment, it can be inferred that there are many substitutes.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Analyze
Difficulty: 3 Hard
Learning Objective: 02-04 Identify elements of the competitive environment.
Topic: The Competitive Environment

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104. Which of the following factors is indicated by the fact that it will require a large capital investment to start a new bed and breakfast?

A. High bargaining power of customers
B. Low threat of new entrants
C. High threat of new entrants
D. Many substitute products
E. Low bargaining power of customers

New entrants into an industry compete with established companies. The high cost of entering the bed and breakfast industry forms a barrier to entry that diminishes the threat of new entrants.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-04 Identify elements of the competitive environment.
Topic: The Competitive Environment

Scenario C. Parker Brothers is a high-end furniture manufacturer located in the Midwest. Mr. Herbert "Bud" Parker started the firm as a young man in the 1960s. The firm has grown, but with growth, it has never forgotten the vision of Mr. Parker: to be creative in all that the firm does while rewarding employees who show innovation and entrepreneurial leadership. Each year the Budding Genius Award is given to the employee who comes up with the best design or marketing idea. New employees are told of the organization's history of product innovation and are taken on a tour of the "Wall of Parker Legends," where pictures of outstanding employees are hung with descriptions of their accomplishments. Managers at the firm encourage their team members to take risks in proposing new ideas. The company prides itself on its product leadership.

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105. The stories about the "Parker Legends" and the organization's most innovative designs are all clues to understanding the _____.

A. organization culture
B. company's macroenvironment
C. organization's competitive environment
D. collective competitive intelligence
E. organizational structure

Organization culture refers to the set of important assumptions about the organization and its goals and practices that members of the company share. The scenario explains the organization culture of the company.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 2 Medium
Learning Objective: 02-06 Define elements of an organization's culture.
Topic: The Internal Environment of Organizations: Culture and Climate

106. The culture at Parker Brothers can be best described as a(an) _____ culture.

A. clan
B. hierarchy
C. adhocracy
D. bureaucracy
E. market

An adhocracy culture is flexible and focused on external differentiation. It tends to be based on creativity, innovative leadership, entrepreneurship, possibilities and risks, growth, and product leadership, all of which are mentioned in the scenario.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Analyze
Difficulty: 3 Hard

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Learning Objective: 02-07 Discuss how an organization's culture and climate affect its response to its external environment.
Topic: The Internal Environment of Organizations: Culture and Climate

107. Based on the information in Scenario C, which of the following is likely to be the dominant attribute of Parker Brothers?

A. Rules and regulations
B. Creativity
C. Competitiveness
D. Control
E. Collaboration

An adhocracy culture, like the one at Parker Brothers, focuses on flexibility, change, and external differentiation. An emphasis on creativity is essential to maintain such a culture.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Analyze
Difficulty: 3 Hard
Learning Objective: 02-07 Discuss how an organization's culture and climate affect its response to its external environment.
Topic: The Internal Environment of Organizations: Culture and Climate

Scenario D. Lupe works for a small company that makes bottled ketchup, salsa, and other condiments. She reports to the CFO. It is her job to predict the costs of raw materials for the next five years. She uses various research sources, including the news, to learn who the competitors are and what they have been doing. In fact, she subscribes to an analyst e-newsletter that tells her about crop availability and weather conditions all around the globe. Every month she develops a spreadsheet for her boss indicating the likely costs of vegetables given the type of weather conditions expected in each area of the world and thus the availability of particular crops. She is also involved in a team that is investigating how to cut production costs. They have recently met with Fresh Sips, a company that bottles water. Fresh Sips is considered the top company in the bottled water industry, especially in bottling process knowledge. Lupe's team is comparing their processes to those of Fresh Sips to see how they might improve.

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108. When predicting the costs for her company, Lupe is engaging in _____.

A. forecasting
B. competitive intelligence
C. environmental scanning
D. benchmarking
E. scenario development

Forecasting is a method for predicting how variables will change the future. In this scenario, Lupe is trying to determine costs in the future.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 2 Medium
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
Topic: Environmental Analysis

109. The information Lupe is using to compete in a better way is called _____.

A. mission statement
B. competitive intelligence
C. best-case scenario
D. organizational database
E. knowledge document

Competitive intelligence is information that helps managers determine how to compete better. In this scenario, Lupe is collecting information about crops so she can find the best value for the company.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
Topic: Environmental Analysis

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110. The spreadsheet that Lupe uses gives her a chance to examine different projections, which is a form of _____.

A. divestiture
B. strategic maneuvering
C. domain selection
D. benchmarking
E. scenario development

Scenario development creates alternative combinations of different factors (such as the weather and harvest of various crops) into a total picture of the environment and the firm. It is a narrative that describes a particular set of future conditions.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 2 Medium
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
Topic: Environmental Analysis

111. Which of the following are Lupe and her team using when they learn from Fresh Sips about its bottling process?

A. Forecasting
B. Strategic maneuvering
C. Domain selection
D. Benchmarking
E. Scenario development

Benchmarking means identifying the best-in-class performance by a company (Fresh Sips) in a given area (bottling) and then comparing one's processes to theirs. Lupe is comparing her company's process of bottling to that of Fresh Sips.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

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Blooms: Analyze
Difficulty: 3 Hard
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
Topic: Environmental Analysis

Essay Questions

112. List the elements of a firm's macroenvironment and illustrate how each affects the firm.

Answers will vary.

AACSB: Knowledge Application
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-01 Describe how environmental forces influence organizations and how organizations can influence their environments.
Topic: The Macroenvironment

113. Give an example of a current societal trend and how it might affect a specific business. Explain the impact by using specific details.

Answers will vary.

AACSB: Reflective Thinking
Blooms: Analyze
Difficulty: 3 Hard
Learning Objective: 02-03 Explain why managers and organizations should attend to economic and social developments.
Topic: The Macroenvironment

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114. Explain how technology can help an organization.

Answers will vary.

AACSB: Technology
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-03 Explain why managers and organizations should attend to economic and social developments.
Topic: The Macroenvironment

115. Discuss how immigration patterns influence the management of the U.S. labor force.

Answers will vary.

AACSB: Knowledge Application
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-03 Explain why managers and organizations should attend to economic and social developments.
Topic: The Macroenvironment

116. Explain how sustainability and natural environment affect the management of an organization.

Answers will vary.

AACSB: Analytical Thinking
Blooms: Analyze
Difficulty: 3 Hard
Learning Objective: 02-03 Explain why managers and organizations should attend to economic and social developments.
Topic: The Macroenvironment

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117. Identify the different types of competitors that organizations must consider when analyzing their competitive environment.

Answers will vary.

AACSB: Knowledge Application
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-04 Identify elements of the competitive environment.
Topic: The Competitive Environment

118. List actions and attitudes that result in excellent customer service.

Answers will vary.

AACSB: Knowledge Application
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-04 Identify elements of the competitive environment.
Topic: The Competitive Environment

119. As environmental uncertainties increase, managers must develop techniques and methods for collecting, sorting through, and interpreting information about the environment. Discuss four of these methods, explaining when and why each would be used.

Answers will vary.

AACSB: Knowledge Application
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
Topic: Environmental Analysis

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120. Differentiate between unattractive and attractive competitive environments, using Porter's model of the competitive environment.

Answers will vary.

AACSB: Analytical Thinking
Blooms: Analyze
Difficulty: 3 Hard
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
Topic: Environmental Analysis

121. Summarize the different approaches of strategic maneuvering that organizations can take to change the environment they are in.

Answers will vary.

AACSB: Knowledge Application
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
Topic: Responding to the Environment

122. Explain two general types of proactive responses that managers and organizations can take to change the environment.

Answers will vary.

AACSB: Knowledge Application
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
Topic: Responding to the Environment

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123. Contrast bureaucratic and organic organizations.

Answers will vary.

AACSB: Knowledge Application
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Summarize how organizations respond to environmental uncertainty.
Topic: Responding to the Environment

124. Explain the different characteristics of strong corporate cultures and weak corporate cultures.

Answers will vary.

AACSB: Knowledge Application
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-06 Define elements of an organization's culture.
Topic: The Internal Environment of Organizations: Culture and Climate

125. What are the clues to understanding an organization's culture? List the characteristics of a strong culture.

Answers will vary.

AACSB: Knowledge Application
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-07 Discuss how an organization's culture and climate affect its response to its external environment.
Topic: The Internal Environment of Organizations: Culture and Climate

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126. Describe the culture of an organization that you have either worked in or studied about. Which of the four types of organizational culture described in the chapter does the organization illustrate? Justify your answer.

Answers will vary.

AACSB: Reflective Thinking
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-07 Discuss how an organization's culture and climate affect its response to its external environment.
Topic: The Internal Environment of Organizations: Culture and Climate

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