Essentials of Contemporary Management (Canadian) 6th edition Jones Test Bank

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Chapter 02
Managing the Organizational Environment

True / False Questions

1. Globalization has resulted in restricted capital flows.
FALSE

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-03 Explain the changes in the global economy that lead to opportunities and threats for managing organizations.
Topic: 02-05 The Global Environment

2. Globalization is a set of forces that work together to integrate and connect systems across countries.
TRUE

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-03 Explain the changes in the global economy that lead to opportunities and threats for managing organizations.
Topic: 02-05 The Global Environment

3. With globalization, nations become increasingly similar and interdependent.
TRUE

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-03 Explain the changes in the global economy that lead to opportunities and threats for managing organizations.
Topic: 02-05 The Global Environment

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4. The organizational environment changes over time and therefore presents managers with opportunities and threats.
TRUE

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-01 Explain the importance of understanding the organizational environment for managerial success.
Topic: 02-01 What Is the Organizational Environment?

5. The organization's internal environment is divided into the task environment and the general environment.
FALSE

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-01 Explain the importance of understanding the organizational environment for managerial success.
Topic: 02-01 What Is the Organizational Environment?

6. The internal organizational environment includes the culture and structure of the organization.
TRUE

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-01 Explain the importance of understanding the organizational environment for managerial success.
Topic: 02-01 What Is the Organizational Environment?

7. The task environment (or industry-specific environment) is a set of external forces that affect an organization's ability to obtain inputs and dispose of outputs.
TRUE

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-02 The External Organizational Environment

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8. The task environment includes economic, technological, socio-cultural, demographic, political and legal, and global forces.
FALSE

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-02 The External Organizational Environment

9. The general environment includes economic, technological, socio-cultural, demographic, political and legal, and global forces.
TRUE

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-02 The External Organizational Environment

10. The general environmental forces pose easily identifiable opportunities and threats for managers.
FALSE

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-02 The External Organizational Environment

11. Forces in the industry-specific environment have immediate and direct effects on a managers' ability to obtain resources or sell an organization's goods and services.
TRUE

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-03 The Industry-Specific or Task Environment

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12. Overseas suppliers are increasingly specializing in just one part of the task of producing a product.
TRUE

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-03 The Industry-Specific or Task Environment

13. The power of a distributor may get stronger if there are too many options for manufacturers and wholesalers to sell their products directly to customers.
FALSE

Accessibility: Keyboard Navigation
Difficulty: Hard
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-03 The Industry-Specific or Task Environment

14. Suppliers are individuals or firms that provide an organization with inputs that it needs to produce goods and services.
TRUE

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-03 The Industry-Specific or Task Environment

15. Differences in customer preferences result in many companies standardizing products for different national markets.
FALSE

Accessibility: Keyboard Navigation
Difficulty: Hard
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-03 The Industry-Specific or Task Environment

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16. The suppliers, customers, and distributors that affect the organization's ability to obtain inputs and to sell its outputs are forces in the task or industry-specific environment.
TRUE

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-03 The Industry-Specific or Task Environment

17. A high level of rivalry between firms often results in price competition, and falling prices reduce access to resources and cause profits to decrease.
TRUE

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-03 The Industry-Specific or Task Environment

18. All potential competitors are considered organizations that are part of the task environment.
FALSE

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-03 The Industry-Specific or Task Environment

19. The wide-ranging set of forces and conditions that operate beyond an organization's boundaries and affect the organization are known as forces in the general environment.
TRUE

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-04 The General Environment

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20. For the typical manager, opportunities and threats resulting from changes in the task or industry-specific environment are more difficult to identify than events in the general environment.
FALSE

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-04 The General Environment

21. The task environment is also known as the industry-specific environment.
TRUE

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-03 The Industry-Specific or Task Environment

22. Organizations which help other organizations to sell their goods and services to customers are known as distributors.
TRUE

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-03 The Industry-Specific or Task Environment

23. Groups which buy goods that another organization produces are known as suppliers.
FALSE

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-03 The Industry-Specific or Task Environment

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24. An organization's "competitors" are those organizations which try to sell their goods to the same customers as the organization is trying to sell its goods.
TRUE

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-03 The Industry-Specific or Task Environment

25. A shift in the age distribution of the population of Canada is an example of a demographic force.
TRUE

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-04 The General Environment

26. The outcomes of the changes in the laws of a country are examples of the political and legal forces in the environment.
TRUE

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-04 The General Environment

27. Economic forces in the general environment include interest rates, inflation, and unemployment.
TRUE

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-04 The General Environment

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28. Deregulation is an example of a socio-cultural force in the general environment that affects organizations.
FALSE

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-04 The General Environment

29. The global financial meltdown from 2008 to 2010 was a result of too much risk-taking and not enough oversight.
TRUE

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-04 The General Environment

30. Although cultures differ enormously around the world, most social structures are very similar.
FALSE

Accessibility: Keyboard Navigation
Difficulty: Hard
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-04 The General Environment

31. In the United States, collectivism is highly valued.
FALSE

Accessibility: Keyboard Navigation
Difficulty: Hard
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-04 The General Environment

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32. Most industrialized nations are experiencing the aging of their populations as a consequence of falling birth and death rates and the aging of the baby boom generation.
TRUE

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-04 The General Environment

33. The manager's job is being fundamentally changed by new technology.
TRUE

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-04 The General Environment

34. The social structure of a country affects the socio-cultural forces acting on organizations.
TRUE

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-04 The General Environment

35. The aim of import tariffs is to foster growth opportunities for foreign investors.
FALSE

Accessibility: Keyboard Navigation
Difficulty: Hard
Learning Objective: 02-03 Explain the changes in the global economy that lead to opportunities and threats for managing organizations.
Topic: 02-06 Declining Barriers to Trade and Investment

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36. Declining barriers to trade and investment have facilitated globalization.
TRUE

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-03 Explain the changes in the global economy that lead to opportunities and threats for managing organizations.
Topic: 02-06 Declining Barriers to Trade and Investment

37. On average, the tariff barriers among the governments of developed countries declined from over 40 percent in 1948 to about 3 percent today, causing a dramatic increase in world trade.
TRUE

Accessibility: Keyboard Navigation
Difficulty: Hard
Learning Objective: 02-03 Explain the changes in the global economy that lead to opportunities and threats for managing organizations.
Topic: 02-06 Declining Barriers to Trade and Investment

38. The free-trade doctrine predicts that if each country agrees to specialize in the production of the goods and services that it can produce most efficiently, this will make the best use of global capital resources and will result in lower prices.
TRUE

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-03 Explain the changes in the global economy that lead to opportunities and threats for managing organizations.
Topic: 02-06 Declining Barriers to Trade and Investment

39. Barriers of distance and culture have closed the global environment and kept managers focused on their domestic market.
TRUE

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-03 Explain the changes in the global economy that lead to opportunities and threats for managing organizations.
Topic: 02-07 Declining Barriers of Distance and Culture

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40. Since the end of the Second World War, a continuing stream of advances in communications and transportation technology has worked to reduce the barriers of distance and culture that affected Unilever and all global organizations.
TRUE

Accessibility: Keyboard Navigation
Difficulty: Hard
Learning Objective: 02-03 Explain the changes in the global economy that lead to opportunities and threats for managing organizations.
Topic: 02-07 Declining Barriers of Distance and Culture

41. One of the most important innovations in transportation technology that has opened the global environment has been the growth of commercial jet travel.
TRUE

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-03 Explain the changes in the global economy that lead to opportunities and threats for managing organizations.
Topic: 02-07 Declining Barriers of Distance and Culture

42. The establishment of free-trade areas creates an opportunity for manufacturing organizations because it lets them reduce their costs.
TRUE

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-03 Explain the changes in the global economy that lead to opportunities and threats for managing organizations.
Topic: 02-08 Effects of Free Trade on Managers

43. Some managers view regional free-trade agreements as a threat because they expose a company based in a one-member country to increased competition from companies based in the other member countries.
TRUE

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-03 Explain the changes in the global economy that lead to opportunities and threats for managing organizations.
Topic: 02-08 Effects of Free Trade on Managers

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44. In general, the larger an organization is, the greater is the number of environmental forces that managers must respond to.
TRUE

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-04 Explain the ways managers can minimize threats and uncertainty from forces in the external environment.
Topic: 02-09 Managing the External Environment

45. The task of the top-management team in reducing the impact of environmental forces, is to create strategies that will take advantage of opportunities and counter threats.
TRUE

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-04 Explain the ways managers can minimize threats and uncertainty from forces in the external environment.
Topic: 02-10 Reducing the Impact of Environmental Forces

46. The main task of middle managers is to collect relevant data on forces in the task environment.
TRUE

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-04 Explain the ways managers can minimize threats and uncertainty from forces in the external environment.
Topic: 02-10 Reducing the Impact of Environmental Forces

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47. Marketing department managers handle pressures from suppliers.
FALSE

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-04 Explain the ways managers can minimize threats and uncertainty from forces in the external environment.
Topic: 02-10 Reducing the Impact of Environmental Forces

48. Sales and service department managers handle pressures from customers.
TRUE

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-04 Explain the ways managers can minimize threats and uncertainty from forces in the external environment.
Topic: 02-10 Reducing the Impact of Environmental Forces

49. Financial managers and accounting departments handle the forces in the economic realm.
TRUE

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-04 Explain the ways managers can minimize threats and uncertainty from forces in the external environment.
Topic: 02-10 Reducing the Impact of Environmental Forces

50. Changes in technological forces are dealt with by Research and Development department managers.
TRUE

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-04 Explain the ways managers can minimize threats and uncertainty from forces in the external environment.
Topic: 02-10 Reducing the Impact of Environmental Forces

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51. The highest degree of uncertainty for a manager occurs when the rate of change and the degree of complexity in the environment is high.
TRUE

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-04 Explain the ways managers can minimize threats and uncertainty from forces in the external environment.
Topic: 02-11 Managers as Agents of Change

52. By better connecting companies' success with societal improvement, it opens up many ways to serve new needs, gain efficiency, create differentiation, and expand markets.
TRUE

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-05 Evaluate the major challenges managers face in gaining a competitive advantage in the global economy.
Topic: 02-12 Challenges for Management in a Global Environment

53. Shared value creation focuses on identifying and expanding the connections between societal and economic progress.
TRUE

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-05 Evaluate the major challenges managers face in gaining a competitive advantage in the global economy.
Topic: 02-12 Challenges for Management in a Global Environment

54. The prominence of global organizations is putting pressure on managers of all organizations to improve their performance.
TRUE

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-05 Evaluate the major challenges managers face in gaining a competitive advantage in the global economy.
Topic: 02-12 Challenges for Management in a Global Environment

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55. To gain a competitive advantage in the global economy, firms can use five building blocks.
FALSE

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-05 Evaluate the major challenges managers face in gaining a competitive advantage in the global economy.
Topic: 02-13 Building a Competitive Advantage

56. The four building blocks of a competitive advantage are increasing efficiency, offering superior quality, creating new or better products, and being responsive to customer needs.
TRUE

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-05 Evaluate the major challenges managers face in gaining a competitive advantage in the global economy.
Topic: 02-13 Building a Competitive Advantage

57. Managers face the following challenges in today's global economy: creating shared value in building a competitive advantage, maintaining ethical standards, and utilizing new technologies.
TRUE

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-05 Evaluate the major challenges managers face in gaining a competitive advantage in the global economy.
Topic: 02-12 Challenges for Management in a Global Environment

58. Codes of ethical conduct are a useful tool for managers to train and control the behaviour of employees and partners.
TRUE

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-05 Evaluate the major challenges managers face in gaining a competitive advantage in the global economy.
Topic: 02-14 Maintaining Ethical Standards

Multiple Choice Questions

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59. Which of the following represents a threat to managers by large distributors?
A. Controlling customer access to an organization's goods and services
B. Increasing orders
C. Changing demographics
D. Socio-cultural impact
E. Efficiently managing uncertainty and change in an evolving market

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-03 The Industry-Specific or Task Environment

60. All of the following are considered potential customer of a computer manufacturer, **except**:
A. small businesses
B. government agencies
C. colleges
D. individuals
E. the environment

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-03 The Industry-Specific or Task Environment

61. The letter ‘T' in the PESTI acronym stands for:
A. Threats
B. Technology
C. Transnational
D. Translation
E. Tariffs

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-04 The General Environment

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62. The combination of equipment and skills which managers use in the production and distribution of goods is known as:
A. economies of scale
B. inflation
C. competitive advantage
D. technology
E. the general environment

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-04 The General Environment

63. All of the following are examples of the industry-specific or task environment of the organization, **except**:
A. distributors
B. customers
C. competitors
D. suppliers
E. technological forces

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-03 The Industry-Specific or Task Environment

64. Organizations which produce goods that are similar to another organization's goods are known as:
A. suppliers
B. distributors
C. competitors
D. customers
E. intermediaries

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-03 The Industry-Specific or Task Environment

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65. Regional trade agreements like NAFTA result in all except which of the following?
A. Declining barriers to trade
B. Increased capital flows between partner nations
C. Decline in labour intensive production in Canada and the USA
D. Opportunities for managers to expand internationally
E. Decreased competition

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-08 Effects of Free Trade on Managers

66. All of the following are examples of the general environment of the organization **except**:
A. demographic forces
B. legal and political forces
C. distributors
D. global forces
E. technological forces

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-04 The General Environment

67. Organizations which supply another organization with the raw materials which it needs to produce goods are known as:
A. suppliers
B. competitors
C. distributors
D. customers
E. potential competitors

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-03 The Industry-Specific or Task Environment

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68. Organizations which help other organizations to sell their goods to customers are known as:
A. competitors
B. potential competitors
C. distributors
D. customers
E. consultants

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-03 The Industry-Specific or Task Environment

69. The power of a distributor may be weakened if:
A. there is only one intermediary
B. there are too many options for manufacturers and wholesalers
C. direct sales to final consumers are prohibited
D. trade barriers are removed
E. competition decreases

Accessibility: Keyboard Navigation
Difficulty: Hard
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-03 The Industry-Specific or Task Environment

70. Changes in the work patterns of women such as a larger percentage of mothers with children under the age of five are working would be an example of which type of force on the organization?
A. General environment
B. Task environment
C. Economic environment
D. Political environment
E. Legal environment

Accessibility: Keyboard Navigation
Difficulty: Hard
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-04 The General Environment

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71. If a major firm suddenly creates a new product which makes the products of its competitors obsolete, this is an example of a force in which type of environment?
A. General environment
B. Task environment
C. Economic environment
D. Legal environment
E. Political environment

Accessibility: Keyboard Navigation
Difficulty: Hard
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-03 The Industry-Specific or Task Environment

72. The outcomes of the changes in the laws of a society are known as:
A. technological forces
B. political and legal forces
C. economic forces
D. demographic forces
E. cultural forces

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-04 The General Environment

73. Social structure and national culture are examples of which type of force in the general environment?
A. Technological forces
B. Political and legal forces
C. Economic forces
D. Demographic forces
E. socio-cultural forces

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Difficulty: Medium
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-04 The General Environment

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74. _____ are outcomes of changes in international relationships, changes in nations' economic, political, and legal systems, and changes in technology.
A. Technologies
B. Legal systems
C. Economic systems
D. Political systems
E. Global forces

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-04 The General Environment

75. The result of falling trade barriers is:
A. a reduction in global competition
B. managers view global markets as closed systems
C. higher prices
D. greater competition
E. reduced competition

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-04 The General Environment

76. The four building blocks of a competitive advantage are:
A. efficiency, effectiveness, quality, customer responsiveness
B. efficiency, quality, customer responsiveness, innovation
C. effectiveness, quality, customer responsiveness, innovation
D. effectiveness, customer responsiveness, innovation, efficiency
E. high performance, quality, efficiency, innovation

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-05 Evaluate the major challenges managers face in gaining a competitive advantage in the global economy.
Topic: 02-13 Building a Competitive Advantage

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77. All of the following are examples of political and legal forces, **except**:
A. deregulation
B. privatization
C. emphasis on environmental protection
D. emphasis on safety on the job
E. social structure

Accessibility: Keyboard Navigation
Difficulty: Hard
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-04 The General Environment

78. Modern communications and transportation technologies have done all of the following, **except**:
A. decrease travel time
B. reduce cultural differences among countries
C. facilitate global communication networks
D. increase barriers to trade and investment
E. make reliable, secure, and instantaneous communication possible

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-07 Declining Barriers of Distance and Culture

79. The path of globalization is shaped by the ebb and flow of all of the following forms of capital, **except**:
A. human capital
B. political capital
C. financial capital
D. resource capital
E. culture capital

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-03 Explain the changes in the global economy that lead to opportunities and threats for managing organizations.
Topic: 02-05 The Global Environment

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80. Which of the following is a task of the top-management team in reducing the impact of environmental forces?
A. Create strategies that will take advantage of opportunities and counter threats.
B. Collect relevant information on the task environment.
C. Find ways to use resources more efficiently.
D. Get close to customers to learn what they want.
E. Transition older workers out of the labour force.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-04 Explain the ways managers can minimize threats and uncertainty from forces in the external environment.
Topic: 02-10 Reducing the Impact of Environmental Forces

81. Which of the following is a task of the middle manager in reducing the impact of environmental forces?
A. Create strategies that will take advantage of opportunities and counter threats.
B. Collect relevant information on the task environment.
C. Find ways to use resources more efficiently.
D. Get close to customers to learn what they want.
E. Design and implement strategic initiatives.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-04 Explain the ways managers can minimize threats and uncertainty from forces in the external environment.
Topic: 02-10 Reducing the Impact of Environmental Forces

82. The organizational environment is comprised of:
A. forces that only effect incorporated enterprises
B. forces that are extrinsic to the organization
C. forces that cannot penetrate the core of an organization
D. forces that insolate global enterprises from all domestic threats
E. forces that present managers with threats

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-01 Explain the importance of understanding the organizational environment for managerial success.
Topic: 02-01 What Is the Organizational Environment?

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83. Which of the following is a tax that a government imposes on goods imported into one country from another?
A. Tariff
B. Interest rates
C. Inflation
D. GATT
E. Quota

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-03 Explain the changes in the global economy that lead to opportunities and threats for managing organizations.
Topic: 02-06 Declining Barriers to Trade and Investment

84. All of the following are considered forces in the economic environment, **except**:
A. unemployment
B. inflation
C. interest rates
D. economic growth
E. deregulation

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-04 The General Environment

85. The population of Canada is "aging" in the sense that the average age of Canadians increases each year. This is an example of which type of force in the environment?
A. Political
B. Economic
C. Legal
D. Demographic
E. Technological

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-04 The General Environment

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86. Pressures from customers are handled by:
A. Sales and Services departments
B. Marketing departments
C. Legal and Public Relations departments
D. Finance and Accounting departments
E. Research and Development departments

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-04 Explain the ways managers can minimize threats and uncertainty from forces in the external environment.
Topic: 02-10 Reducing the Impact of Environmental Forces

87. Pressures from competitors are handled by:
A. Sales and Services departments
B. Marketing and Strategy departments
C. Legal and Public Relations departments
D. Finance and Accounting departments
E. Research and Development departments

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-04 Explain the ways managers can minimize threats and uncertainty from forces in the external environment.
Topic: 02-10 Reducing the Impact of Environmental Forces

88. Changes in technological forces are handled by:
A. Sales and Services departments
B. Marketing departments
C. Legal and Public Relations departments
D. Finance and Accounting departments
E. Research and Development departments

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-04 Explain the ways managers can minimize threats and uncertainty from forces in the external environment.
Topic: 02-10 Reducing the Impact of Environmental Forces

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89. Changes in economic forces are handled by:
A. Sales and Services departments
B. Marketing departments
C. Legal and Public Relations departments
D. Finance and Accounting departments
E. Research and Development departments

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-04 Explain the ways managers can minimize threats and uncertainty from forces in the external environment.
Topic: 02-10 Reducing the Impact of Environmental Forces

90. The impact of national culture on managing in a global economy means that:
A. Managers should ignore the differences that exist between cultures
B. Organizations with international management teams are less efficient
C. Managers will never be able to understand, empathize, and work with multiple cultures
D. Countries with a great deal of diversity will produce great global managers
E. Diversity is considered a general threat to productivity

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-03 Explain the changes in the global economy that lead to opportunities and threats for managing organizations.
Topic: 02-04 The General Environment

91. The set of forces which lead to interdependence and similarities among nations is known as:
A. social structures
B. the organizational environment
C. national cultures
D. globalization
E. stakeholders

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-03 Explain the changes in the global economy that lead to opportunities and threats for managing organizations.
Topic: 02-05 The Global Environment

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92. The organization's external environment can be divided into these categories:
A. Internal threats and opportunities
B. Task or industry-specific and general environments
C. Organizational structure
D. Organizational culture
E. Strengths and weaknesses

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-01 Explain the importance of understanding the organizational environment for managerial success.
Topic: 02-01 What Is the Organizational Environment?

93. When an organization's customers put pressure on the organization to reduce prices on its goods, this is a force in the organization's:
A. general environment
B. industry-specific environment
C. political environment
D. legal environment
E. socio-cultural environment

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-03 The Industry-Specific or Task Environment

94. Individuals who buy goods that an organization produces are known as:
A. competitors
B. distributors
C. potential competitors
D. customers
E. suppliers

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-03 The Industry-Specific or Task Environment

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95. Globalization is driven by the free movement of:
A. resources
B. labour
C. tariffs
D. quotas
E. capital

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-03 Explain the changes in the global economy that lead to opportunities and threats for managing organizations.
Topic: 02-05 The Global Environment

96. Which of the following concepts predicts that if each country agrees to specialize in the production of the goods and services that it can produce most efficiently, this will make the best use of global capital resources and will result in lower prices?
A. The communist manifesto
B. The theory of absolute advantage
C. The free trade doctrine
D. NAFTA
E. GATT

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-03 Explain the changes in the global economy that lead to opportunities and threats for managing organizations.
Topic: 02-05 The Global Environment

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97. In terms of free trade, all of the following are correct, except:
A. Free-trade areas create an opportunity for manufacturing organizations because it lets them reduce their costs.
B. It facilitates organizations wishing to serve the whole region from one location rather than establishing separate operations in each country.
C. Some managers view regional free-trade agreements as a threat because they expose a company based in one-member country to increased competition from companies based in the other member countries.
D. Organizations can reduce costs by shifting production to the lowest-cost location within the free-trade area
E. Free trade is generally recognized around the world as being protectionist.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-03 Explain the changes in the global economy that lead to opportunities and threats for managing organizations.
Topic: 02-08 Effects of Free Trade on Managers

98. All of the following are examples of a demographic force, **except**:
A. race
B. gender
C. sexual orientation
D. ethnic origin
E. privatization

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-04 The General Environment

99. The degree to which forces in the environment change over time is known as:
A. technological change
B. economic change
C. sociocultural change
D. environmental change
E. political change

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-04 Explain the ways managers can minimize threats and uncertainty from forces in the external environment.
Topic: 02-09 Managing the External Environment

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100. All of the following are forces in the task or industry-specific environment of an organization, **except**:
A. distributors
B. customers
C. suppliers
D. competitors
E. demographics

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-03 The Industry-Specific or Task Environment

101. When a competitor negotiates a long-term contract with a supplier of raw materials, this is an example of an impact on your organization's:
A. legal environment
B. political environment
C. task environment
D. general environment
E. socio-cultural environment

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-03 The Industry-Specific or Task Environment

102. If the population of Canada is shifting from the East to the West, this is an example of which type of force in the environment?
A. Political
B. Legal
C. Technological
D. Economic
E. Demographic

Accessibility: Keyboard Navigation
Difficulty: Hard
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-04 The General Environment

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103. All of the following are included in the organization's general environment, **except:**
A. socio-cultural forces
B. legal and political forces
C. technological forces
D. global forces
E. distributors

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-04 The General Environment

104. Forces within the organization which result from the organization's structure and culture are known as:
A. the task environment
B. the general environment
C. the external environment
D. the internal environment
E. the international environment

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-01 Explain the importance of understanding the organizational environment for managerial success.
Topic: 02-01 What Is the Organizational Environment?

105. Overseas suppliers can pose a threat to managers of organizations in all of the following ways, **except**:
A. If their position is strong.
B. They are the sole source of an input.
C. The input is vital to the organization.
D. They offer low cost, high quality parts/inputs.
E. They represent an integral contribution to the organization.

Accessibility: Keyboard Navigation
Difficulty: Hard
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-03 The Industry-Specific or Task Environment

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106. Canadian managers face two main challenges in the global environment, including:
A. organizational size and types
B. reliance on fossil fuel and industrial technology
C. the political and legal climates
D. managing a diverse and aging work force
E. building a competitive advantage while maintaining ethical standards, and utilizing new kinds of information systems and technologies

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-05 Evaluate the major challenges managers face in gaining a competitive advantage in the global economy.
Topic: 02-12 Challenges for Management in a Global Environment

107. Managers face a number of challenges in the global environment, including:
A. organizational size
B. creating shared value
C. the political and legal climates
D. managing a diverse work force
E. the types of organizations

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-05 Evaluate the major challenges managers face in gaining a competitive advantage in the global economy.
Topic: 02-12 Challenges for Management in a Global Environment

Short Answer Questions

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108. Explain how managers can minimize threats and uncertainty from forces in the external environment. Identify three forces from your own experience that contribute to the complexity and rate of environmental change.

Managers must minimize threats from the forces that affect their organization's task environment and general environment by understanding the two factors that affect the degree of uncertainty: Two factors affect the nature of the opportunities and threats that organizations face: First, the level of complexity in the environment and second, the rate of change in the environment. The degree of uncertainty in the environment affects the decisions managers make to handle risks and threats. Top managers devise strategies to explore opportunities and counter threats to the entire organization. Middle managers gather relevant information on the forces acting in the task environment that will impact strategies to gain a competitive advantage. First line managers find ways to use resources efficiently and add value for the customer to build brand loyalty. The greater the uncertainty, the greater the need for management decisions to be flexible (to accommodate change). Student's answers will depend on their experiences.

Accessibility: Keyboard Navigation
Difficulty: Hard
Learning Objective: 02-04 Explain the ways managers can minimize threats and uncertainty from forces in the external environment.
Topic: 02-09 Managing the External Environment
Topic: 02-10 Reducing the Impact of Environmental Forces
Topic: 02-11 Managers as Agents of Change

109. For a computer manufacturing company, such as Hewlett-Packard, discuss its "task environment" and how this type of industry-specific environment places pressures on HP's managers on a daily basis.

HP's task environment includes its suppliers, distributors, customers, and competitors and all of these can have an impact on IBM's success in manufacturing and selling computers to its customers.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-03 The Industry-Specific or Task Environment

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110. Discuss how the "general environment" of an organization can affect the ability of an organization to respond to opportunities and threats from its environment. Give a specific business example of a company that would be affected by its environment in this way.

Changes in economic forces, technological factors, sociocultural factors, demographic factors, political and legal factors, and international or global forces can all affect the ability of the organization to be successful and can create either opportunities for growth and profit or threats to profitability depending upon the industry in which the organization operates. Examples will vary.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-04 The General Environment

111. An organization's suppliers can have an important impact on the success of the organization. Discuss the various types of suppliers for Dell Canada and explain why these suppliers are important to Dell Canada's success.

Answers will vary.

Accessibility: Keyboard Navigation
Difficulty: Hard
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-03 The Industry-Specific or Task Environment

112. An organization's competitors can have an important impact on the success of the organization. Discuss how IKEA was greatly impacted by this environmental force.

In an effort to remain competitive among strong rivalry from Target and other large retailers, including Amazon, IKEA is relentless at cost-cutting. IKEA aims to lower prices across its entire offering by an average of 2-3% each year. The iconic brand has loyal customers throughout the global economy.

Accessibility: Keyboard Navigation
Difficulty: Hard
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-03 The Industry-Specific or Task Environment

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113. Explain the significance of the aging population in most industrialized nations for the workplace.

The most significant implication is the relative decline in the number of young people joining the workforce and an increase in active employees willing to postpone retirement past the old mandatory retirement age of 67. These changes suggest that organizations will need to find ways to motivate older employees and use their skills and knowledge, an issue that many industrialized societies have yet to tackle.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-04 The General Environment

114. Describe the implications for managers and organizations resulting from technological forces in the general environment.

Technological change can make established products obsolete overnight. The examples provided in the test include typewriters, black-and-white televisions, and bound sets of encyclopedias. Students may offer other examples, such as cameras, smart phones, or social media platforms. This change forces managers to find new products to make.
Although technological change can threaten an organization, it also can create a host of new opportunities for designing, making, or distributing new and better kinds of goods and services.
Managers must move quickly to respond to such changes if their organizations are to survive and prosper.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-04 The General Environment

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115. Customers are the most important group in the success of any company. Discuss the various types of customers that exist for IKEA and discuss how they need to respond differently to the needs of its different customer groups if it is to be successful.

IKEA is a global company with a cult following among its customers. It must supply the products that consumers demand. National cultures play a significant role in the decision's managers make to manage supply and demand. Americans like to fold their clothes, while Italians prefer to hang theirs. This difference in national customer norms resulted in changes to the design of wardrobes for each nation. The low-cost offerings of IKEA do not appeal to the Japanese, who prefer high quality goods, resulting in the failure of IKEA in that country.

Accessibility: Keyboard Navigation
Difficulty: Hard
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-03 The Industry-Specific or Task Environment

116. Explain each of the four principal forms of capital that flows between countries.

Four principal forms of capital flow between countries are:

• *Human capital:* the flow of people around the world through immigration, migration, and emigration.
• *Financial capital:* the flow of money capital across world markets through overseas investment, credit, lending, and aid.
• *Resource capital:* the flow of natural resources and semi-finished products between companies and countries, such as metals, minerals, lumber, energy, food products, microprocessors, and auto parts.
• *Political capital:* the flow of power and influence around the world using diplomacy, persuasion, aggression, and force of arms to protect a country's or world region's or political bloc's access to the other forms of capital.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-03 Explain the changes in the global economy that lead to opportunities and threats for managing organizations.
Topic: 02-05 The Global Environment

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117. Discuss the "four building blocks" of competitive advantage and give an example of a company that you feel uses each of these building blocks successfully in its production of goods and services.

The four blocks are increasing efficiency, innovation, customer responsiveness, and quality. Organizations increase efficiency when they reduce the resources used to produce goods and services. Many organizations are training their workforce in new skills and techniques. Organizations sometimes work together to increase efficiency and share infrastructure costs. If organizations are to compete against low-cost competition in other countries, their managers must increase efficiency. Increasing Quality: Global competition has increased pressure to increase quality of goods and services. Using Total Quality Management (TQM) workers are organized into quality control teams and given responsibility for monitoring the quality of goods they produce. Increasing Innovation: Innovation is creating new goods and services that customers want or developing better ways to produce those goods and services. Managers must create an environment in which people are encouraged to be innovative. Decentralizing control of work activities to team members creates a culture that rewards risk taking. Increasing Responsiveness to Customers: Training workers to be responsive to the needs of customers is vital for all organizations. Service organizations, in particular, depend entirely on their employees to perform a high quality service at reasonable cost. Achieving a competitive advantage requires manager to use all their skills and expertise to develop resources and achieve superior efficiency, quality, innovation, and/or customer responsiveness. Examples of companies will vary.

Accessibility: Keyboard Navigation
Difficulty: Hard
Learning Objective: 02-05 Evaluate the major challenges managers face in gaining a competitive advantage in the global economy.
Topic: 02-13 Building a Competitive Advantage

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118. Discuss how creating shared value can lead an organization to achieve a competitive advantage.

Creating Shared Value involves rethinking old ways of doing business that rely on simply shifting operations and activities to locations with ever lower wages as a sustainable "solution" to competitive challenges. The concept of shared value is defined by Porter and Kramer (HBR 2011) as "policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates. Shared value creation focuses on identifying and expanding the connections between societal and economic progress" such that all organizations in the supply and distribution chain flourish through enhanced community development. Companies can create economic and social value by reconceiving products and markets to include underserved urban and rural areas, redefining productivity in the supply chain by viewing the prosperity of direct producers as a benefit, not a cost to business, and by investing in building clusters of development within the communities in which they locate. In other words, supporting community economic development such as schools, infrastructure, and culture. Business as usual practice has been to squeeze suppliers to unsustainable profit margins and exploit resources while degrading the environment to obtain short-term profits. Creating shared value views these old practices as creating costs rather than benefits to business and society. "The concept of shared value resets the boundaries of capitalism. By better connecting companies' success with societal improvement, it opens up many ways to serve new needs, gain efficiency, create differentiation, and expand markets."

Accessibility: Keyboard Navigation
Difficulty: Hard
Learning Objective: 02-02 Identify the main forces in an organization's external environment and the challenges these forces present to managers.
Topic: 02-12 Challenges for Management in a Global Environment

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119. Managers need to understand how declining barriers to trade and distance between national cultures have affected the global economy. Discuss.

One of the main factors that has speeded globalization by freeing the movement of capital has been the decline in barriers to trade and investment. The reason for removing tariffs is that, very often, when one country imposes an import tariff, others follow suit and the result is a series of retaliatory moves as countries progressively raise tariff barriers against each other. Governments of countries that resort to raising tariff barriers ultimately reduce employment and undermine the economic growth of their countries because capital and resources will always move to their most highly valued use-wherever that is in the world. The free-trade doctrine predicts that if each country agrees to specialize in the production of the goods and services that it can produce most efficiently, this will make the best use of global capital resources and will result in lower prices. Countries that accepted this free-trade doctrine set as their goal the removal of barriers to the free flow of goods, services, and capital between countries regulated by the World Trade Organization. Historically, barriers of distance and culture also closed the global environment and kept managers focused on their domestic market. National cultures are based on values and norms that are deeply embedded in the society and that unite the citizenry of that country. Differences in national cultures have important implications for managers. Practices that are effective in Canada may not work as well in other countries. It is important for managers to understand and emphasize with customers who are culturally different. The Internet and its millions of websites facilitate the development of global communications networks and media that are helping to create a worldwide culture above and beyond unique national cultures.

Accessibility: Keyboard Navigation
Difficulty: Hard
Learning Objective: 02-03 Explain the changes in the global economy that lead to opportunities and threats for managing organizations.
Topic: 02-06 Declining Barriers to Trade and Investment
Topic: 02-07 Declining Barriers of Distance and Culture

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