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CORRECT ANSWERS ARE LOCATED IN THE 2ND HALF OF THIS DOC.

TRUE/FALSE - Write 'T' if the statement is true and 'F' if the statement is false.

1) When investors bid up stock prices, companies have less capital to fuel their strategies.
   - ◎ true
   - ◎ false

2) 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

3) Organizations are at an advantage if they depend on a single powerful supplier because such dependency ensures consistency.
   - ◎ true
   - ◎ false

4) 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

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5) 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

MULTIPLE CHOICE - Choose the one alternative that best completes the statement or answers the question.

6) Organizations are _____ systems that affect and are affected by their external environments.
   - A) open
   - B) closed
   - C) free
   - D) environmental
   - E) capital

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7) Netflix, Amazon, and YouTube have recently emerged as serious and successful content providers, attracting viewers away from traditional networks such as ABC, CBS, and NBC. The success of these nontraditional providers demonstrates the power in the competitive environment held by new competitors, or new entrants to the marketplace. To effectively compete with these new entrants, executives at traditional networks will take advantage of barriers to entry, such as
   A) benchmarking.
   B) distribution channels.
   C) complements.
   D) smoothing.
   E) substitutes.

8) 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

9) A firm's _____ includes its rivals, suppliers, buyers (customers), new entrants, and substitutes or complementary products.
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   A) environmental scanning
   B) competitive intelligence
   C) external environment
   D) competitive environment
   E) organizational climate

10) Bettie's Bags buys leather and lesser quantities of canvas, zippers, metal snaps, and other materials to manufacture purses. Which of the following is Bettie's Bags' output?
   A) leather
   B) canvas
   C) zippers
   D) snaps
   E) purses

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11) Because organizations are _____ systems, they are affected by their external environments, while they in turn affect their environment.
A) input
B) output
C) open
D) closed
E) social

12) 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

13) Which of the following statements about the stock market impact on companies and their leaders 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 due to external pressures to be more efficient and profitable.
E) Stock market fluctuations have little effect on the compensation of managers.

14) 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

15) 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.

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16) 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

17) _____ create new products, more efficient production and delivery techniques, and better ways of managing and communicating.
A) Demographic shifts
B) Laws and regulations help
C) External environments
D) Technological advances
E) Economic turbulences

18) Advances in 3-D printing have made it easier and faster for manufacturers to create prototypes of new parts. These advances are an example of changes in the _____ environment.
A) technological
B) economic
C) political
D) demographic
E) biophysical

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19) 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

20) _____ are specific government agencies that have the power to investigate practices and take legal action to ensure compliance with laws.
A) Open systems
B) Regulators
C) Prospectors
D) Stakeholders
E) Defenders

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21) _____ 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

22) 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

23) 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
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B) Michael Porter's model
C) B2B selling using a market theory
D) Peter Drucker's theory of competition
E) organizational smoothing

24) Which of the following is a barrier to entry?
A) less-established distribution channels
B) capital requirements
C) the existence of a popular complement
D) a low-cost distribution method
E) an inexpensive production process

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25) Karl's office has always used Bentley computers. His technical people have suggested that he switch all his employees over to Best computers. Karl 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. Karl is worried about
A) barriers to entry.
B) benchmarking.
C) environmental uncertainty.
D) switching costs.
E) strategic maneuvering.

26) Sylvia owns a civil engineering consulting firm. Over the past several years, the bulk of her business has derived from a long-term contract with the federal government. She learned today that her firm will not be awarded an extension of the contract, and thus her firm's work for the government client will come to an end within 30 days. The very negative impact of this decision on Sylvia's firm is a reminder that
A) contracting with the federal government is not profitable over the long term.
B) a firm that does not achieve affirmative action goals must implement a corrective action plan.
C) government clients cannot be relied upon to be good business partners.
D) long-term services contracts are not good for business.
E) an organization is at a disadvantage if it depends too heavily upon powerful customers.

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27) _____ is 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.
A) Barriers to entry
B) Benchmarking
C) Supply chain management
D) Empowerment
E) Open systems

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28) Rabia proposed to her boss that their small firm build a new production plant to serve a large new global market. Her boss replied, "Rabia, several multinational firms, who are world-class in terms of global reach, influence, stability, and financial depth, will be going after that market. We would be a new entrant among large established competitors; the barriers to entry are just too high for us. We are small and financial resource-limited, so we would be challenged to meet the market's _____ requirements."

A) capital
B) demographic
C) buffering
D) domain selection
E) public relations

29) Crowley Heat Exchangers, Incorporated, is the only provider of a patented high-efficiency heat exchanger. Global Construction Corporation desires to include Crowley's heat exchanger in a proposal for a major project for Global's largest client. However, Crowley charges a premium price for its patented equipment. As a result, Global's potential profit on the major project is eroded, which is an example of the high bargaining power of

A) customers.
B) suppliers.
C) complements.
D) competitors.
E) new entrants.

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30) Steven is marketing manager for Abrams Technologies, a firm that sells environmental control systems to the coal-fired power industry. Steven's business is highly competitive, with many existing rivalries and new players. However, coal-fired power plants are being shut down in favor of substitute forms of energy, e.g., wind and natural gas. Thus, opportunities to sell environmental control systems to coal-fired power plants are rare, and his clients have many choices of providers and technologies. Steven's firm has long-term pricing agreements with its equipment suppliers, so Steven knows what external costs Abrams will incur on potential new projects for environmental control systems. The competitive force that appears to represent the lowest risk to Steven's firm is

A) competition between existing rivals.
B) impact of new competitors.
C) power of suppliers.
D) power of customers.
E) impact of substitute or complement services or products.

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31) Wholesale Tools Corporation (WTC) is a wholesale provider of power tools. Six months ago, Mac Jones, national sales director for WTC, negotiated a multiyear contract to provide power tools to FixIt, Incorporated, a national retail hardware chain. Under the contract, WTC can provide FixIt with power tools made of materials of lesser quality at a lesser price. Therefore, FixIt can charge its retail customers a lower price, providing an attractive profit for both companies. Six months into the contract, Mac and FixIt are disappointed that, although the power tools meet the technical specifications of the contract, the tools are not selling. Furthermore, FixIt is receiving complaints from its customers about the quality of the power tools, prompting FixIt to consider canceling the contract. In retrospect, in its eagerness to land a large contract with FixIt, Mac failed to adequately consider the needs of the
   A) media.
   B) distributor.
   C) final consumer.
   D) supplier.
   E) broker.

32) Haru, a new manager at an electronics company, has been asked to focus on the competitive environment of the organization. Which of the following is a factor Haru should focus on?
   A) government regulation
   B) economic performance
   C) demographics
   D) rivals
   E) technology

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33) The immediate environment surrounding a firm that includes rivalries among competitors is known as the _____ environment.
   A) overall
   B) demographic
   C) competitive
   D) internal
   E) economic

34) 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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35) 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.

36) Venus was a low-cost airline that operated in the 1990s. Industry analysts state that although Venus was able to provide all the services the customers wanted, it was forced out of business because of aggressive pricing from larger airline firms which made it impossible for Venus to make a profit. 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

37) 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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38) The Internet has allowed companies to set up websites with very little expense. The Internet is an example of removing
A) a barrier to entry.
B) environmental uncertainty.
C) unfair competition.
D) high switching costs.
E) strategic maneuvering.

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39) A(n) _____ is a threat because customers can 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

40) 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.

41) Which of the following is an example of a potential substitute product?
A) Chipotle Burrito Bowl for a Chick-fil-A meal
B) ink cartridges for printers
C) Evernote for a Samsung Galaxy Watch
D) iTunes for iPods
E) furniture for apartments

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42) 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) shareholders.
B) regulators.
C) retailers.
D) suppliers.
E) prospectors.

43) _____ costs are fixed costs buyers face if they change suppliers.
A) Changing
B) Switching
C) Renewable
D) Exchange
E) Sunk

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44) Quality Marketing, LLC uses TonerPlus copiers and printers. They have trained their employees to use these printers and copiers and have invested in inventory to replace parts and equipment used exclusively on TonerPlus items. The new operations manager wants to change suppliers, but is facing the reality of
A) high employment costs.
B) redemption costs.
C) favorable quality status.
D) complementary products.
E) high switching costs.

45) _____ 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

46) 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.

47) 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 or wholesale products 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.

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48) 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.

49) Emerson Smith, sales director for a beverage wholesaler, analyzed whether his company should attempt to become beverage supplier next year for TopChoice, a national fast food chain. Emerson learned that Deluxe Beverages, Incorporated, currently has a supply contract with TopChoice that has three more years in its term; TopChoice would have to pay Deluxe Beverages $3 million to terminate the supply contract early. Also, Deluxe Beverages has installed automated beverage ordering software in TopChoice's home office; TopChoice would have to spend $1 million to replace the software and retrain its staff. Emerson concluded that TopChoice's _____ costs would be too high to seriously consider a change in supplier during the multiyear term of the supply contract, so he decided not to attempt to become TopChoice's beverage supplier next year.
A) capital
B) operating
C) switching
D) labor
E) cooptation

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50) Randall, senior product development manager at WasteTech Corporation, is considering the acquisition of a new waste treatment technology from a small development firm. The asking price is $10 million. However, the environmental uncertainty of the waste treatment marketplace is both complex and dynamic. Randall wants to acquire the new technology but seeks to manage the risk associated with his decision, or "hedge his bets." Key elements of his risk management strategy might be to
A) gain competitive intelligence through environmental scanning, develop business scenarios, forecast sales, and benchmark the technology.
B) diversify, merge, divest, prospect, or defend the technology.
C) establish visible artifacts; develop symbols, rites, and ceremonies; and develop stories about the technology.
D) decide upon a clan (collaborate), adhocracy (create), hierarchy (control), or market (compete) culture from which to market the technology.
E) buffer, smooth, and empower in order to manage the technology supply chain.

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51) Charlotte owns and operates a convenience store in a large city. Competitors are many, and competition is fierce. Due to her small business's size, she cannot realistically influence her business environment. However, Charlotte can develop scenarios depicting future outcomes by
   A) slashing her food prices to force her competitors to do likewise citywide (competitive aggression).
   B) sponsoring local events to establish and maintain a positive brand image (public relations).
   C) recruiting the mayor to participate on her business advisory board (cooptation).
   D) hiring a lobbyist to promote state legislation that is favorable to operation of convenience stores (political action).
   E) deciphering trends and predicting how events might unfold.

52) Suave and Debonair, Incorporated, a chain of men's clothing stores, is facing increased competition. CEO Pablo Espinosa has tried several tactics—all unsuccessful—to influence his business environment: slashing prices, offering seasonal promotions to smooth out sales, contracting with wholesalers in advance of seasonal rushes to prevent inventory depletion, and appointing the president of the chamber of commerce in his state to his board of directors. Now, Pablo is considering identifying the best-in-class performance by other companies to compare his processes to theirs. Pablo is now considering _____ as a tactic to manage the business environment.
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   A) independent action
   B) benchmarking
   C) cooptation
   D) buffering
   E) smoothing

53) Tammi Sloane, owner of a licensed supplier of advanced self-driving vehicle technology, wants to determine the future demand of her technology. Because her forecast based on how much the industry might change due to governmental regulation is uncertain, Tammi should
   A) find the best forecasting method and use it.
   B) use the most complicated forecasts.
   C) assume the best-case scenario only.
   D) use multiple forecasts, and perhaps average their predictions.
   E) look farther into the future since forecast accuracy increases farther into the future.

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54) Environmental _____ refers to the degree of discontinuous change that occurs within the industry.
A) complexity
B) dysfunction
C) contracting
D) cooptation
E) dynamism

55) The managers at Green Thumb Gardening Tools engage in an annual organizational assessment, trying to find useful information about the industry and interpreting what is important and what is not important in the upcoming months. 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.

56) 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

57) Nargis writes a narrative that describes what she thinks will happen to her child care business if the trend of flexible hours for corporate employees 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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58) _____ 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

59) 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 from competitor, and customers with low bargaining power
E) low industry growth, high threat with and few entry barriers, and suppliers with low bargaining power

60) The method of producing a single prediction about the future is known as
A) budgeting.
B) buffering.
C) forecasting.
D) benchmarking.
E) scanning.

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61) Which of the following is true about using forecasts?
A) Forecast accuracy decreases the farther into the future you are trying to predict.
B) Forecasts become more accurate when 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.

62) Mila, who works as a manager for a manufacturing company, investigates what computer programs her company's five biggest rivals use for placing and tracking customer orders. She then compares the features of those programs with the program her company uses. What process has Mila used?
A) scenario planning
B) forecasting
C) benchmarking
D) environmental scanning
E) strategic maneuvering

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63) To improve customer service in its overseas call center, Bell Software decided to investigate the call center practices of competing companies. The team discovered that a smaller company, Bumblebee Software Incorporated, seemed to have outstanding customer service. The team then determined differences between the organizations and developed a plan to incorporate the best elements of Bumblebee into Bell. This illustrates
A) environmental dynamism.
B) benchmarking.
C) strategic maneuvering.
D) cooperative action.
E) forecasting.

64) 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.

65) _____ occurs when a firm invests in different types of businesses or products.
A) Domain selection
B) Diversification
C) Acquisition
D) Divestiture
E) Empowerment

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66) The entrance by a company into a different suitable market or industry is called
A) benchmarking.
B) strategic positioning.
C) outsourcing.
D) domain selection.
E) cooptation.

67) One firm buying another is called a(n)
A) merger.
B) acquisition.
C) divestiture.
D) prospective.
E) defender.

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68) Complete Office Products recently announced that it was selling off its office furniture division in order to realign itself more competitively in the marketing of its other products, particularly those in its office supplies and technology 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

69) 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.

70) 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
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B) voluntary action
C) competitive pacification
D) competitive aggression
E) environmental scanning

71) Aunt Lucy's Style is a company that sells costume jewelry. When Aunt Lucy's Style spends its own money to promote the costume jewelry 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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72) 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.

73) 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.

74) 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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75) 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.

76) The process of sharing power with employees is called
A) empowerment.
B) downgrading.
C) benchmarking.
D) vertical synergy.
E) power building.

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77) Fatima recently got promoted to a managerial role in a bureaucratic organization. The industry was changing dramatically, and Fatima 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, Fatima is suggesting the use of _____ with employees.

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

78) Creating supplies of excess resources in case of unpredictable needs is known as

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

79) Diego owns Signature Gifts, a store that specializes in items that businesses can customize with their company name or logo and then give away as advertising or customer-loyalty rewards. He is projecting that the economy will rebound this fall. He ordered additional holiday-themed gifts in February in anticipation of a possible surge in sales during the holiday season. In this case, which of the following methods is Diego using to be sure that he has enough gifts for extra holiday customers?

A) just-in-time inventory
B) smoothing
C) benchmarking
D) buffering
E) diversification

80) Leveling fluctuations occurring at the environmental boundaries is called

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

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81) 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.

82) NBIC (National Bicycle Industrial Company) of Japan specializes in mass customization 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.

83) Paul Oglesby, North American division manager for Rembrandt Products, was in crisis. His entire marketing and sales staff had resigned yesterday to start up a new firm. Next year's business plan for his division was due in 10 days, and Paul did not have a sense of his clients' needs nor his competitors' strategies. Thus, he did not know how to prepare his business plan. By not having the information necessary to decide how best to manage in his competitive environment, Paul was lacking
A) competitive intelligence.
B) environmental complexity.
C) environmental uncertainty.
D) performance gaps.
E) environmental dynamism.

84) 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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85) 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

86) 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.

87) Tim Compton, communications manager for SellRight Products, said to his CEO, "We must do some damage control, and we must act on our own, using an independent strategy. I recommend that we
A) issue a press release." (public relations)
B) negotiate a new agreement with our supplier." (contraction)
C) appoint a retired former client to our board of directors." (cooptation)
D) work with our trading partners to seek relief." (coalition)
E) work with a competitor to jointly demand a recount." (cooperation)

88) In some situations, two or more organizations work together using _____ to influence the environment.
A) independent strategies
B) competitive aggression
C) cooperative strategies
D) competitive pacification
E) public relations

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89) 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

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.

91) Little Learners is a company that designs and manufactures fun and educational toys. 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) Paolo 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

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93) Tansal is a new marketing manager for JustBooks, a small bookstore chain in the Midwest. He has been told by the human resources department that management thinks he is having difficulty assimilating into the organization culture of the company. To improve his situation, Tansal should consider whether
A) the organization culture is too weak for a strong personality like him.
B) he should spend more time socializing with the top managers.
C) his educational qualifications are too high for the position he is doing.
D) his dress, behavior, and interactions fit in with those of his colleagues.
E) he needs to increase the success rate of his marketing campaigns.

94) 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 pays lip service to an important behavior.
E) Everyone helps new employees fit in.

95) 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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96) Maria's mentor has taught her that managing culture within Frederick Construction, Incorporated, requires time and effort, but that the best managers understand its importance. A very important part of Frederick Construction's culture is emphasis on employee safety. Determine which action below would *not* be among the ways that Maria reinforces a desired safety culture.
A) Maria publicly celebrates the zero injury rate for Dave's project.
B) Maria assesses job candidates' background and attention to safety in the workplace.
C) Maria schedules safety training for all new employees.
D) Maria supports Teresa for firing a subcontractor who refused to abide by Frederick Construction's safety procedures.
E) Maria allows Candace to miss her required annual safety training due to budget and time constraints.

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97) 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 values 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 not necessary to consider culture when considering a merger.

98) Kate, the manager of Halpern Tooling Company, wants to create a stronger, more positive culture at the company. How might Kate promote and encourage a stronger culture?
A) Create a spreadsheet showing that employees are better paid than at other companies.
B) Celebrate and reward those employees who exemplify the Halpern Tooling Company desired culture.
C) Benchmark other companies and mimic their culture.
D) Analyze the competitive environment and competitive intelligence of the company.
E) Suggest that supervisors review the company handbook with their departments.

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99) Marla's Basement is a small retail store that specializes in antique figurines and decorative knickknacks. In analyzing the environment, Marla has uncovered the following interesting findings:

1. Marla 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. Marla 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. Marla'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. Marla 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, Marla discovered that there are no other antique knickknack stores within 200 miles.

Which of the following elements of the macroenvironment was part of Marla's findings?

A) sustainability
B) psychology
C) corporate governance
D) sociology
E) technology

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When Marla 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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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 Marla's internal environment.
E) barriers to entry in Marla's competitive environment.

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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

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103) Paul and his wife are investigating the possibility of starting a new restaurant in Beaufort, a small town in the South Carolina low country. It has been Paul's lifelong dream. Paul 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 Paul's lottery winnings to finance a restaurant in Beaufort. Second, it will be difficult to attract new customers because they have so many eating choices available to them in Beaufort and the surrounding towns. Finally, the competition in the restaurant industry is considered fierce by industry analysts and this is frightening to someone, like Paul, who has never worked in that industry.
Which of the following factors seems to be affecting Paul's consideration the most while analyzing the competitive environment?

A) technology
B) substitutes
C) legal factors
D) economic factors
E) demographics

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The information that Paul 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.

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Based on Paul'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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Which of the following factors is indicated by the fact that it will require a large capital investment to start a new restaurant?

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

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107) 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.
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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Which of the following is an example of passing along organization culture through the stories people tell?

A) Budding Genius award
B) the vision to be creative in all the firm does
C) Wall of Parker Legends
D) the encouragement of risks
E) rewards for innovation and entrepreneurial leadership

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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

110) Jimena works for a small company that makes nut butters from ingredients like cashews and macadamia nuts, and jams from mixtures of tropical fruits. 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 fruits and nuts 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 Spicy Sides, a company that produces jars of condiments. Spicy Sides is considered the top company in the condiment industry, especially in its knowledge of how to pack food products in jars. Jimena's team is comparing their processes to those of Spicy Sides to see how they might improve.
When predicting the costs for her company, Jimena is engaging in

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

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The information Jimena 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.

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The spreadsheet that Jimena 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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Which of the following are Jimena and her team using when they learn from Spicy Sides about its packing process?

A) forecasting
B) strategic maneuvering
C) domain selection
D) benchmarking
E) scenario development

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ESSAY. Write your answer in the space provided or on a separate sheet of paper.

114) List the external factors of a firm's macroenvironment and illustrate how each affects the firm.

115) 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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116) Explain how technology can help an organization.

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

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

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

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120) List actions and attitudes that result in excellent customer service.

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

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

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

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125) Contrast bureaucratic and organic organizations.

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126) Explain the different characteristics of strong corporate cultures and weak corporate cultures.

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

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128) Describe the culture of an organization that you have either worked in or studied about. Evaluate whether it was a strong or weak culture, and justify your answer with reasons.

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Answer Key

Test name: Chapter 02

1) 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.

2) 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.

3) 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.

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4) 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.

5) 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.

6) A
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.

7) B
New competitors, or new entrants, are discouraged or prevented from entering a new industry or market by barriers to entry, e.g., government policy, capital requirements, brand identification, cost disadvantages, and distribution channels.

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8) C
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.

9) D
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.

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

11) C
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.

12) B
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.

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13) D
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.

14) D
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.

15) A
A factor that significantly influences the U.S. population and labor force is immigration. Immigration is one reason the labor force continues to become more ethnically diverse.

16) E

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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.

17) D
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.

18) A
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.

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19) C
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.

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20) B
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.

21) B
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.

22) E
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.

23) B

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Michael Porter's model says the competitive environment includes rivalry among current competitors and the impact of new entrants, substitute and complementary products, suppliers, and customers. Porter's model is an excellent method to help managers analyze the competitive environment and adapt to or influence the nature of the competition.

24) B
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.

25) D
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.

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26) E
A company is at a disadvantage if it depends too heavily on powerful customers. Customers are powerful if they make large purchases or if they can easily find alternative places to buy.

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27) C
Supply chain management, also known as the extended enterprise, means 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.

28) A
Some major barriers to entry are government policy, capital requirements, brand identification, cost disadvantages, and distribution channels. Capital requirements may be so high that companies won't risk such large amounts of money.

29) B
Organizations are at a disadvantage if they become overly dependent on a powerful supplier. In this case, Global is at a disadvantage because Crowley, as the only provider of the desired equipment, has the ability to charge a premium price for the equipment. Thus, if Global desires to include Crowley's equipment in its bid to its largest client, Global must reduce its own profits to remain competitive.

30) C

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Competition will be keen among existing rivals and new competitors; they represent high risk. Steven's customers have many choices, including non-coal technologies, so both of these factors (clients and substitutes) represent high risk. Steven's firm has pricing agreements with its suppliers, so this (power of suppliers) appears to represent the lowest risk.

31) C
A final consumer is a customer who purchases products in their finished form. As the final user of the finished product, the final consumer can demand lower prices, higher quality, unique product specifications, or better service.

32) D
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.

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

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34) A
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.

35) D
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.

36) B
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.

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

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38) A
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.

39) B
A substitute is a threat because customers can 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.

40) C
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.

41) A
A substitute is a potential threat; customers use it as an alternative, buying less of one kind of product but more of another. In this particular case, if the product is a Chipotle Burrito Bowl, a substitute would be a Chick-fil-A meal. The remaining choices are examples of complements.

42) D
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).

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

44) E
Switching costs are fixed costs buyers face if they change suppliers. In this case, if Quality Marketing, LLC terminates TonerPlus and hires a new supplier, Quality Marketing would incur high switching costs due to the need to train their employees, among other issues.

45) E
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.

46) B

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Intermediate consumers buy raw materials or wholesale products and then sell to final consumers, as when Lenovo, Dell, and Hewlett Packard buy processors from Intel to use in their laptop computers.

47) B
Intermediate consumers buy raw materials or wholesale products and then sell to final consumers, as when Lenovo, Dell, and Hewlett Packard buy processors from Intel to use in their laptop computers. A final consumer is a customer who purchases products in their finished form.

48) C
Customer service means giving customers what they want or need, the way they want it, the first time.

49) C
Organizations are at a disadvantage if they become overly dependent on a powerful supplier. A supplier accrues power if the buyer has few other sources of supply or if the supplier has many other buyers. Dependence also results from high switching costs—the fixed costs buyers face if they change suppliers. For example, once a buyer learns how to use a supplier's equipment, such as a data analytics application, the buyer faces both economic and psychological costs in changing to a new supplier.

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50) A
Environmental uncertainty means that managers do not have enough information about the environment to understand it or predict the future. Uncertainty arises from two related factors: complexity and dynamism. As environmental uncertainty increases, managers need methods for collecting, sorting through, and interpreting information about the environment, using environmental scanning, scenario development, forecasting, and benchmarking.

51) E
Managers attempt to determine the effects of environmental forces on their organizations and develop scenarios depicting possible futures. Deciphering trends and predicting how events might unfold is a valuable activity.

52) B
Benchmarking means identifying the best-in-class performance by one or more companies in a given area and then comparing your processes to theirs.

53) D

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The more things might change, the less confidence we have in our forecasts. The best advice for using forecasts includes the following: use multiple forecasts and perhaps average their predictions.

54) E
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.

55) D
Environmental scanning means both searching for useful information and interpreting 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?"

56) C
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.

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57) B
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.

58) A
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.

59) D
Managers often develop a best-case scenario (the occurrence of events favorable to the firm).

60) C
Whereas environmental scanning identifies important influences, and scenario development generates alternative pictures of the future, a forecast is a single prediction about the future.

61) A

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

62) C
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.

63) B
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.

64) C
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.

65) B
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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.

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

67) B
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.

68) D
Divestiture occurs when a firm sells one or more of its businesses. In the given scenario, Complete Office Products selling its furniture division is an example of divestiture.

69) B

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

70) D
Competitive aggression is exploiting a distinctive competence (such as Southwest Airlines cutting fares when it enters a new market) or improving internal efficiency for competitive advantage. Examples include aggressive pricing and comparative advertising.

71) B
Competitive pacification is taking independent action to improve relations with competitors, such as Aunt Lucy's promotion of the costume jewelry industry as a whole.

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

73) C
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.

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74) B
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.

75) B
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.

76) A
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.

77) C

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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.

78) E
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.

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

80) B
Smoothing refers to the process of leveling fluctuations occurring 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.

81) A
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.

82) B
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.

83) A
Competitive intelligence is information that helps managers determine how to compete better.

84) A
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.

85) C

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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.

86) D
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.

87) A
A company uses independent strategies when it acts on its own to change some aspect of its current environment. These strategies include competitive aggression, competitive pacification, public relations, voluntary action, legal action, and political action.

88) C
In some situations, two or more organizations work together using cooperative strategies to influence the environment.

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89) E
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.

90) A
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.

91) C
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.

92) A

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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.

93) D
A company's culture provides a framework that guides people's behavior on the job. For example, the way people dress and behave, the way they interact with each other and with customers, and the work habits that managers value are usually quite different at a bank than they are at a rock music company, and different again at a law firm or an advertising agency.

94) D
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."

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

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96) E
To reinforce a desired culture, managers should celebrate and reward those who exemplify it. By hiring judiciously, teaching newcomers, and rewarding and promoting people on the basis of desired actions, management can ensure that the culture will strengthen and persist. Managing culture requires time and effort, but the best managers understand its importance. The potential payoffs include the performance benefits of a strong and appropriate culture, plus the avoidance of the many costs of a weak or inappropriate one.

97) B
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.

98) B
An organization's culture is like an individual's personality. Organization culture is the set of important assumptions about the organization and its goals and practices that members of the company share.

99) E

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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.

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

101) A
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.

102) A
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 Marla by dictating how she can renovate her shop based on the prevailing rules of the historical preservation district her shop is in.

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

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

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

106) B
New entrants into an industry compete with established companies. The high cost of entering the restaurant industry forms a barrier to entry that diminishes the threat of new entrants.

107) A
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.

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108) C
The stories people tell carry a lot of information about the company's culture. Every company has its myths, legends, and true stories about important past decisions and actions that convey what managers respect, admire, and don't tolerate. The stories often feature the company's heroes, once or still active, who brought to life what the organization especially wants and depends on.

109) B
The culture at Parker Brothers focuses on flexibility, change, and external differentiation. An emphasis on creativity is essential to maintain such a culture.

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

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

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112) E
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.

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

114) Essay

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External factors that generally affect all organizations include the economy, technology, laws and regulations, demographics, sustainability and the natural environment.

The Economy: Although most Americans think in terms of the U.S. economy, the economic environment for organizations is much larger—created by complex interconnections among the economies of different countries. For example, unemployment rates affect labor availability, the wages a firm must pay, and produce demand.

Technology: Today a company cannot succeed without incorporating into its strategy the astonishing technologies that continually evolve. Technological advances create new products, advanced production techniques, and better ways of managing and communicating. In addition, as technologies evolve, new industries, markets, and competitive niches develop. As an example, the text points out that AR (augmented reality) has led to the creation of zSpace's virtual reality laptop, which allows users to wear head-tracking 3D glass to see objects as if they were part of the real world.

Laws and Regulations: U.S. government policies impose strategic constraints on organizations but may also provide opportunities. For example, in the United States, the Patient Protection and Affordable Care Act, which requires businesses with 50 or more full-time employees to offer health insurance, contains such a variety of provisions that some managers see mainly the costs of compliance, whereas others see opportunities for their companies.

Demographics: Demographics are measures of various characteristics of the people who make up groups or other social units. Managers must consider workforce demographics in formulating their human resource strategies. Population growth influences the size and composition of the labor force. For example, young workers are declining in numbers and the fastest-growing age group will be workers who are 55 and older, who are expected to represent over one-fourth of the labor force in 2026.

Sustainability and the Natural Environment: Organizations depend on the natural environment to provide them with resources. For example, depending on their products and processes, they may need trees for paper, steel for manufacturing goods, petroleum to fuel transportation or make plastics, and adequate air and water quality to maintain a healthy workforce. In addition, the ways in which organizations operate will have some impact on the quantity and quality of natural resources available. For example, when the quantity is depleted or the quality is damaged, costs for resources skyrocket. Furthermore, the impact on natural resources affects the quality of life for citizens in the areas where companies operate.

115) Essay

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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. Student examples will vary. A sample answer follows: For example, during the 1980s and 1990s, women in the workforce often chose to delay having children as they focused on their careers, but 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.

116) Essay
Technological advances create new products, advanced production techniques, and better ways of managing and communicating. In addition, as technologies evolve, new industries, markets, and competitive niches develop.

117) Essay
Immigrants are frequently of working age but have different educational and occupational backgrounds from the rest of the labor force. Immigration is one reason the labor force continues to become more ethnically diverse. Managers have to make certain they provide equality for women and minorities, and they must make plans to recruit, retain, train, motivate, and effectively use people of diverse demographic backgrounds who have the skills to achieve the company's mission.

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118) Essay
Organizations depend on the natural environment to provide them with resources. The ways in which organizations operate will have some impact on the quantity and quality of natural resources available. Decisions that affect the natural environment therefore impact the climate of social issues and the political and legal environments.

119) Essay
Competitors may include small domestic firms, strong regional competitors, big new domestic companies exploring new markets, overseas firms, and newer entries, such as firms offering their products on the web.

120) Essay
Excellent customer service results from speed of filling and delivering orders; willingness to meet emergency needs; merchandise delivered in good condition; service charges, whether free or priced separately; availability of installation and repair services and parts; and readiness to take back defective goods and resupply quickly.

121) Essay

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To understand and predict environmental changes, opportunities, and threats, companies spend time and money monitoring events. Environmental scanning means both searching for useful information and interpreting what is important and what is not. As managers attempt to determine the effects of environmental forces on their organizations, they can develop scenarios depicting possible futures. Scenario development helps managers develop contingency plans for what they should do given different future situations. A forecast is a single prediction about the future. In deciding to expand or downsize a business, firms predict the demand for goods and services or the supply and demand of required labor. Benchmarking means identifying the best-in-class performance by a company in each area, say, product development or customer service, and then comparing your processes to theirs. All of these methods can be used to try to interpret the environment when managers are seeing an increase in environmental uncertainties.

122) Essay
In attractive environments, there are few competitors, high industry growth, and unequal size. There is a low threat of entry and many entry barriers, and there are few substitutes. There are many suppliers and customers, and they have low bargaining power. In unattractive environments, there are many competitors, low industry growth, and equal size. The threat of entry is high, with few barriers to entry. There are many substitutes and few suppliers and customers, with high bargaining power.

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123) Essay
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Some of the approaches of strategic maneuvering include domain selection, which means entrance by a company into another suitable market or industry; diversification, which is when a firm invests in different types of businesses or products or when it expands geographically to reduce its dependence on a single technology or market; a merger or acquisition, which occurs when two or more firms combine, or one buys another to form a single company; and divestiture, when a company sells one or more of its businesses.

124) Essay
Two general types of proactive responses are independent action, which is when companies act on their own to change some aspect of its current environment, and cooperative action, which occurs when two or more organizations work together using cooperative strategies to influence the environment.

125) Essay
Bureaucratic organizations tend to be formal and stable; frequently they are unable to adjust to changes or exceptional circumstances that don't "fit the rules." When products, technologies, customers, or competitors are changing, organic structures give organizations the flexibility to adjust to change.

126) Essay

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Strong cultures include people who understand and believe in the firm's goals, priorities, and practices. A strong culture can be counterproductive when changes become necessary. Strong cultures can breed overconfidence and inspire wrong-headed efforts. Weak cultures lack strong shared values and breed confusion about corporate goals. Some managers may pay lip service to an important behavior but behave very differently.

127) Essay
Certain organizational characteristics define a strong or a weak culture. Strong cultures employ people who understand and strongly believe in the firm's goals, priorities, and practices. Strong cultures encourage high values, laudable goals, and useful behaviors.

128) Essay

Answers will vary but will demonstrate an accurate understanding that strong cultures employ people who understand and strongly believe in the firm's goals, priorities, and practices. Strong cultures encourage high values, laudable goals, and useful behaviors. Weak cultures lack strong shared values and breed confusion about corporate goals.

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