Management An Integrated Approach 2nd edition Gulati Test Bank

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TRUE/FALSE

1 : Successful business leaders not only respond to changes in the global business environment but also try to influence it.
A : true
B : false

Correct Answer : A

2 : Globalization has presented challenges including the emergence of new, powerful competitors in many industries.
A : true
B : false

Correct Answer : A

3 : The Uruguay Round is noteworthy because it created the successor to GATT.
A : true
B : false

Correct Answer : A

4 : Fuel and mining products are increasingly important components of MERCOSUR’s export base.
A : true
B : false

Correct Answer : A

5 : The sociocultural dimension of a firm’s environment includes interest rates of all the countries where it sells its products and services.
A : true
B : false

Correct Answer : B

6 : In contrast to the dimensions of the task environment, the general environment has the ability to exert a greater and more immediate influence over a firm.
A : true
B : false

Correct Answer : B

7 : Social values often pose a much lesser challenge than language barriers for a company wanting to expand globally.
A : true
B : false

Correct Answer : B

MULTIPLE CHOICE

8 : Which of the following demonstrates the interconnectedness of the global economy?

A :
The expected growth of the Chinese middle class from 300 million people in 2012 to 500 million people in 2020

B :
The changing composition of the Dow Jones Industrial Average from 1896 to 2015

C :
GE's business portfolio going from 75% manufacturing in the 1980s to 75% services today

D :
The U.S. mortgage crisis in 2008 following by high unemployment in Greece

Correct Answer : D

9 : Which of the following statements is true about businesses and their leaders?

A :
Some leaders focus their efforts on lobbying to influence the government's role in business.

B :
Businesses and their leaders often operate in isolation.

C :
Business leaders are often reactive to their changing environment but not proactive in adapting their strategies accordingly.

D :
Successful business leaders usually do not try to influence the global business environment.

Correct Answer : A

10 : To remain competitive, companies

A :
shouldn't be proactive to their changing environments.

B :
should not try to influence the global business environment.

C :
can no longer sell exclusively in their domestic markets.

D :
should not make any attempts to expand globally.

Correct Answer : C

11 : _____ refers to the integration and interdependence of economic, technological, sociocultural, and political systems across diverse geographic regions.

A :
Innovation

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B :
Globalization

C :
Proliferation

D :
Competition

Correct Answer : B

12 : Identify the country that is represented by NAFTA.
A :
United Kingdom

B :
Zimbabwe

C :
Costa Rica

D :
Mexico

Correct Answer : D

13 : Which of the following countries is one of the original members of ASEAN?
A :
Canada

B :
Philippines

C :
Guatemala

D :
Nigeria

Correct Answer : B

14 : The president of a small nation is promoting and nurturing coffee agriculture because he believes it is the product at which the country can be the most efficient producer. He is operating under
A :
the Theory of Comparative Advantage.

B :
the Theory of Economic Dimension.

C :

Hofstede’s Low versus High Power Distance Dimension.

D :
the Principles of Uncertainty Avoidance.

Correct Answer : A

15 : Which of the following is one of the primary goals of ASEAN?
A :
Eliminating tariffs among countries

B :
Easing travel of citizens and goods

C :
Creating a single financial market

D :
Ensuring peace and stability

Correct Answer : D

16 : The fourth largest regional trading group, MERCOSUR, comprises the countries of
A :
Argentina, Brazil, Paraguay, Uruguay, and Venezuela.

B :
Bahrain, Kuwait, Oman, and Qatar.

C :
Canada, Mexico, and United States.

D :
Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua.

Correct Answer : A

17 : Of the three main principles of GATT, the most favored nation principle meant that
A :
a tariff rate granted to one member of GATT would be extended to all members.

B :
foreign firms would be subject to the same rules and regulations as a country’s domestic firms.

C :
trade disputes would be settled by the unanimous agreement of all parties to the dispute.

D :
countries should specialize in producing goods for which they have the lowest opportunity cost of production.

Correct Answer : A

18 : The _____ was formed to deal with the rules of trade between nations and is responsible for negotiating and implementing new trade agreements and policing member countries' adherence to them.
A :
General Agreement on Tariffs and Trade

B :
World Trade Organization

C :
Association of South East Asian Nations

D :
European Union

Correct Answer : B

19 : Identify the trade agreement that created a single market by a system of laws that apply in all member states, guaranteeing the freedom of movement of people, goods, services, and capital.
A :
North American Free Trade Agreement

B :
Economic Community of West African States

C :
European Union

D :
Central American Common Market

Correct Answer : C

20 : Which of the following countries was admitted to MERCOSUR in 2012 and is likely to increase the importance of fuel trade both within and outside the region?
A :
Venezuela

B :
Argentina

C :
Paraguay

D :
Brazil

Correct Answer : A

21 : As a delegate to the World Trade Organization, Kate stated during negotiations that the same rules and regulations that applied to another country's domestic firms must also be applied to her country's firms operating in that country. Kate was invoking the

A :
principle of national treatment.

B :
consensus principle.

C :
most favored nation principle.

D :
least favored nation principle.

Correct Answer : A

22 : A firm’s task environment includes

A :
owners and the board of directors.

B :
competitors, suppliers, and customers.

C :
employees and culture.

D :
economic and sociocultural factors.

Correct Answer : B

23 : Which of the following entities belongs to the general environment of an organization?

A :
Culture

B :
Technology

C :
Customers

D :
Employees

Correct Answer : B

24 : Sam, the top manager of TechPark, decides to expand his business globally and creates a

new market in Erbia, a neighboring country. Eventually, the company faces issues related to unskilled labor and poor resource positions/infrastructure, such as unreliable highway systems and improper communication networks. From this scenario, it can be inferred that Sam failed to focus on the _____ dimension of the external environment affecting business.

A :
sociocultural

B :
political

C :
legal

D :
economic

Correct Answer : D

25 : Which of the following is the best example of Hofstede's low versus high power distance dimension?

A :
In an organization, it is mandatory for managers to make decisions by giving more importance to the future than the present.

B :
The members of a particular society often prefer more rules and structure and are incapable to adapt to quick changes.

C :
The host country employees of an organization prefer to unquestionably abide by the rules of the top management.

D :
People in Erbia believe that competition, ambition, and accumulation of wealth are typical masculine qualities.

Correct Answer : C

26 : The members of a particular society in Rhodia often find it hard to adapt themselves to the changing situations. Therefore, they prefer to follow standard rules and procedures in an attempt to reduce the occurrences of any anxiety-causing situations. Which of the following of Hofstede's social dimensions is described in this example?

A :
Low versus high uncertainty avoidance

B :
Long- versus short-term orientation

C :
Low versus high power distance

D :
Individualism versus collectivism

Correct Answer : A

27 : Which of the following is the best example of Hofstede's long- versus short-term orientation dimension?

A :
People in Erbia believed that competition, ambition, and accumulation of wealth are typical masculine qualities.

B :
The members of a particular society often prefer more rules and structure and are incapable to adapt to quick changes.

C :
In an organization, it is mandatory for managers to make decisions by giving more importance to the future than the present.

D :
The host country employees of an organization prefer to unquestionably abide by the rules of the top management.

Correct Answer : C

28 : Which of the following has the least direct influence on a firm?

A :
Political/legal forces

B :
Competitors

C :
Employees

D :
Suppliers

Correct Answer : A

29 : When Home Depot began offering a paint palette of colors named to reflect Hispanic culture, it was responding to changes in the

A :
sociocultural dimension of the firms general external environment.

B :
legal dimension of the firms general external environment.

C :
polital dimension of the firms external task environment.

D :
economic dimension of the firms general external environment

Correct Answer : A

30 : The factor that distinguishes an internal environment of an organization from an external environment is that:
A :
the internal environment consists of the general environment and the task environment.

B :
the internal environment includes owners, the board of directors, employees, and culture.

C :
the internal environment includes entities that directly affect a firm on a continuous basis.

D :
the internal environment consists of the technological, economic, and sociocultural factors.

Correct Answer : B

31 : Which of the following entities belongs to the internal environment of an organization?
A :
Technology

B :
Suppliers

C :
Employees

D :
Customers

Correct Answer : C

32 : The responsibility of James and Henry in an organization is to direct and oversee managers to ensure that the jobs are properly done. Both were elected by the shareholders of the organization to serve as an intermediate group. From this scenario, it can be inferred that James and Henry are the _____ of the organization.
A :
employees

B :
board of directors

C :
institutional shareholders

D :
owners

Correct Answer : B

33 : Which of the following statements is true about the dimensions of internal environment?
A :

Owners serve as an intermediate group for shareholders.

B :
Employees cannot directly impact a firm’s competitive position.

C :
Legal control of an organization is maintained by the board of directors.

D :
Cultures at firms develop over a long period of time.

Correct Answer : D

34 : Sally is a fractional owner in a business and is given the opportunity to vote on proxy matters. Sally is most likely a(n)
A :
member of the board of directors.

B :
institutional shareholder.

C :
individual shareholder.

D :
manager of the business.

Correct Answer : C

35 : Which of the following has the most direct influence on a firm?
A :
Political/legal forces

B :
Technological forces

C :
Sociocultural forces

D :
Organizational culture

Correct Answer : D

ESSAY

36 : How do successful business leaders respond to the changing business environment?

Correct Answer : Businesses and their leaders do not operate in isolation. They are part of a

much larger ecosystem that is constantly changing and evolving. Successful business leaders not only respond to a VUCA (volatile, uncertain, complex, and ambiguous) context in the global business environment but also try to influence it. Some leaders focus their efforts on lobbying to influence the government's role in business. Other leaders identify growing market niches or target consumer segments and develop products or services to fill specific needs. Still other leaders invest in research and development to commercialize technological innovations. In these ways, business leaders take a proactive stance in managing their environment and adapting their strategies accordingly.

37 : Explain the features of the European Union.

Correct Answer : The European Union traces its roots back to the 1950s, when Europeans were searching for a way to promote political and economic stability in their region. The organization was originally known as the European Coal and Steel Community, which sought to reduce trade barriers in coal and steel trading. The organization eventually developed into its current form in 1993 with the signing of the Maastricht Treaty, which established the legal framework for the EU. The formation of the EU created a single market by a system of laws that apply in all member states, guaranteeing the freedom of movement of people, goods, services, and capital. In 1999, the EU introduced a common currency, the euro, which has been adopted by 17 member states of the eurozone, which is an economic union of 27 of Europe's major economic states. The single European currency replaced numerous national currencies and unified a common marketplace, which created a competitive economy on par with the United States. The euro was designed to help build the single market by, for example, easing travel of citizens and goods, eliminating exchange rate problems, providing price transparency, creating a single financial market, and supporting price stability and low interest rates.

38 : Briefly describe the different dimensions of the general environment.

Correct Answer : The general environment includes the technological, economic, political/legal, and sociocultural dimensions that affect a firm's external environment. The technological dimension of the general environment refers to the processes, technologies, or systems that a firm can use to produce outputs. The economic dimension of a firm's environment often includes inflation, unemployment, consumer sentiment, and interest rates of all the countries where it sells its products and services. The political dimension of the external environment refers to the political events and activities in a market that affect a firm. The legal dimension refers to the regulations and laws that a firm encounters in its markets. The sociocultural dimension of the external environment refers to demographic characteristics as well as to the values and customs of a society.

39 : Define task environment and its dimensions.

Correct Answer : The task environment includes entities that directly affect a firm on a continuous basis, including competitors, suppliers, and customers. A competitor of a firm is any organization that creates goods or services targeted at a similar group of customers. A supplier provides resources or services for a firm to help in its creation of products and services. The customers of a firm are the people or other organizations that buy the firm's products and services.

40 : Outline the components of a firm's internal environment.

Correct Answer : A firm's internal environment consists of several dimensions that affect the firm from within its boundaries. The typical components of a firm's internal environment include owners, the board of directors, employees, and culture. Each of these dimensions can directly

impact a firm’s performance and competitive position. The owners of a firm are the people or institutions that maintain legal control of the organization. The board of directors is a group of individuals elected by the shareholders and charged with overseeing the general direction of the firm. A firm’s employees are an extremely important component of a firm’s internal environment. The firm’s employees are the people who make the products and provide the services that allow the firm to exist. Culture is a pattern of basic assumptions about the way an organization should work and the manner in which individuals in an organization should interact with each other.