

Chapter 2--The Environment of Organizations and Managers

Student: _____

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3. Fast-food restaurant cannot build standard designs in the historical district of Jackson Hole Wyoming. Fast-food establishments must use architecture that complements the structures in the neighborhood. This is part of the economic dimension of the general environment.

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4. Managers can disregard the general environment because it is vague, imprecise and long-term.

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12. Scott Thompson resigned after serving as CEO of Yahoo for only four months. It was determined that he knowingly lied about his educational background on his resume. But for every unethical manager, there are many ethical ones.
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51. Which of the following is part of the internal environment of organizations?
- A. Employees
 - B. Regulators
 - C. Influence groups
 - D. Customers
 - E. Suppliers
52. Which of the following is an element in an organization's internal environment?
- A. Political-legal
 - B. Competitors
 - C. A campus of facilities
 - D. Strategic allies
 - E. Technology

53. Workers who purchase company stock have which dual roles in the internal environment?
- A. Employee, board of director
 - B. Shareholder, board of director
 - C. Shareholder, strategic partner
 - D. Employee, owner
 - E. Monitor, owner
54. Which of the following is an example of an owner of a business?
- A. Individual investors who buy stock in that business
 - B. Partners
 - C. People who have legal property rights to that business
 - D. Individuals who finance and start up a new business
 - E. All of these.
55. New finance regulations plan to give shareholders the right to vote on executive compensation when executives leave the company. This will decrease the power of
- A. employees.
 - B. owners.
 - C. board of directors.
 - D. regulators.
 - E. suppliers.
56. Corporate governance is primarily the responsibility of the
- A. owners.
 - B. employees.
 - C. internal environment.
 - D. board of directors.
 - E. All of these.
57. Under U.S. law, it is illegal for a U.S. firm operating in a foreign country to pay bribes to get what it needs. Natives of some of those same countries consider the payment of bribes to be perfectly acceptable. Which of the following influences may account for this difference?
- A. Cultural differences
 - B. Family influences
 - C. Religious influences
 - D. Value systems
 - E. All of these.

58. The Taliban forced women to wear Burqas. The clothing made them accident prone and vulnerable to attack because they had no peripheral vision. Many people in democratic societies view the Burqa as
- A. legal and ethical.
 - B. legal but unethical.
 - C. illegal and unethical.
 - D. illegal but ethical.
 - E. None of these.
59. An organization's obligation to protect and enhance the society in which it operates is called
- A. legal responsibility.
 - B. ethical responsibility.
 - C. social responsibility.
 - D. cultural responsibility.
 - E. societal responsibility.
60. The Sarbanes-Oxley Act requires the _____ to vouch for the truthfulness and fairness of a firm's financial disclosures.
- A. CEO
 - B. CFO
 - C. COO
 - D. CEO and CFO
 - E. CEO, CFO, and COO
61. When Disney and IBM refuse to advertise on websites that have no posted privacy policies, they are acting as
- A. ethical leaders.
 - B. privacy advocates.
 - C. corporate hypocrites.
 - D. ethical leaders and privacy advocates.
 - E. ethical leaders, privacy advocates, and corporate hypocrites.
62. All of the following are common arguments against social responsibility for organizations EXCEPT
- A. involvement in social programs gives businesses too much power.
 - B. there is potential for conflicts of interest.
 - C. the purpose of businesses in the United States is to generate profit for the owners.
 - D. business creates problems and should therefore help solve them.
 - E. businesses lack the expertise needed to manage social programs.

63. Which of the following actions represents an attempt to manage social responsibility by means of "ethical compliance"?
- A. Requiring top financial managers to ensure compliance with securities and banking regulations
 - B. Donating money to fund the performing arts
 - C. Creating a committee to write a code of conduct or review proposals concerning selection and promotion
 - D. Consulting the legal department regarding the requirements of a particular law
 - E. Making human resource managers responsible for complying with EEOC standards
64. Which of the following statements can be used to explain the growth of international business?
- A. Many countries in Europe and Asia were devastated after World War II and had to be rebuilt.
 - B. The postwar population boom decreased demand for products.
 - C. Changes in cultural traditions made the rest of the world open to all of the products made in the U.S.
 - D. Infrastructures in Europe and Asia remained sound in spite of World War II
 - E. All of these statements can be used to explain the growth of international business.
65. Which of the following is NOT one of the alternative international strategies?
- A. Licensing
 - B. Joint ventures
 - C. Direct investment
 - D. Importing/exporting
 - E. Lateral investment
66. A(n) ____ strategy requires little initial investment, is heavily regulated, and provides little opportunity to modify products for local conditions.
- A. importing/exporting
 - B. licensing
 - C. joint venture
 - D. direct investment
 - E. global sourcing
67. Content providers sign a(n) ____ with Amazon to allow their product to be downloaded onto Kindles.
- A. joint venture
 - B. licensing agreement
 - C. direct investment
 - D. exporting agreement
 - E. importing agreement

68. Dishwashers produced in Germany and sold in the U.S. are an example of
- A. importing/exporting.
 - B. licensing.
 - C. a joint venture/strategic alliance.
 - D. direct investment.
 - E. global outsourcing.
69. World Vision built a safe house in Thailand as a refuge for girls fleeing the sex industry. The safe house is an example of
- A. a joint venture/strategic alliance.
 - B. licensing.
 - C. direct investment.
 - D. exporting.
 - E. global involvement.
70. Dow Corning is an equally owned _____ between Dow Chemical and Corning.
- A. global source
 - B. licensing agreement
 - C. export restraint agreement
 - D. joint venture
 - E. direct investment
71. Potential outcomes of licensing agreements are
- A. increased profits.
 - B. prolonged profitability.
 - C. inflexibility.
 - D. franchising.
 - E. Any or all of these.
72. The *maquiladoras* concept is a fairly recent approach to:
- A. strategic alliance.
 - B. licensing agreement.
 - C. direct investment.
 - D. joint venture.
 - E. None of these.
73. General Electric has factories in Mexico near the U.S. border. The products are sold duty free in the NAFTA area. The factories are an example of
- A. licensing.
 - B. a strategic alliance.
 - C. exporting.
 - D. importing.
 - E. maquiladoras.

74. Burger King operates restaurants around the world on U. S. military bases. The agreement between Burger King and the Department of Defense is a(n) ____.
- A. maquiladora.
 - B. licensing agreement.
 - C. exporting agreement.
 - D. importing agreement.
 - E. strategic alliance.
75. France charges taxes on American fruits and vegetables that are sold in France. This is
- A. a joint venture.
 - B. licensing.
 - C. an export tariff.
 - D. an import tariff.
 - E. a strategic alliance.
76. The US Commerce Department has limited the amount of sugar that can be imported. This is an example of a(n)
- A. quota.
 - B. strategic alliance.
 - C. joint venture.
 - D. franchise agreement.
 - E. export restraint agreement.
77. Japanese steel producers voluntarily limit the amount of steel they export to the US. This is an example of a(n)
- A. maquiladora.
 - B. joint venture.
 - C. export restraint agreement.
 - D. licensing agreement.
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78. U.S. cola producers limit the number of beverages that they export to India each year. This is an example of
- A. a quota.
 - B. direct investment.
 - C. a strategic alliance.
 - D. a licensing agreement.
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79. When the United States government requires that US military uniforms be produced in the United States, this is an example of
- A. a maquiladoras.
 - B. a tariff.
 - C. a joint venture.
 - D. a strategic alliance.
 - E. "buy national" legislation.
80. In 2007, the EU had ____ countries.
- A. 17
 - B. 12
 - C. 25
 - D. 22
 - E. 27
81. Which of the following represents an economic community?
- A. North American Free Trade Agreement (NAFTA)
 - B. North Atlantic Treaty Organization (NATO)
 - C. United Nations (UN)
 - D. International Monetary Fund (IMF)
 - E. All of these.
82. Which of the following would you observe if you wanted to determine an organization's culture?
- A. The physical appearance of the organization's facilities
 - B. The level of formality or informality in communication
 - C. Employees' dress and demeanor
 - D. The types of stories workers tell about their job experiences
 - E. All of these.
83. Which of the following is a true statement?
- A. Organization culture shapes the behavior of employees, and thus impacts organizational effectiveness.
 - B. Organization culture is the same as the national culture of the organization's headquarters facility.
 - C. Organization culture will be the same throughout an organization's subunits.
 - D. Organization culture refers to the cultural and artistic charities that an organization supports.
 - E. Organization culture is frequently and easily changed by most organizations.

84. Managing organizational culture is likely to become more difficult when
- A. the firm has recently undergone a merger.
 - B. management has no clear idea of the desired culture.
 - C. the firm has recently suffered from poor performance.
 - D. All of these.
 - E. Only when "the firm has recently undergone a merger" and "management has no clear idea of the desired culture."
85. When Continental Airlines took employees outside the headquarters building in Houston to watch the firm's old policy manuals be set on fire by corporate managers, the company was trying to
- A. revitalize its culture.
 - B. shock employees into changing their behavior.
 - C. create more office storage space.
 - D. All of these.
 - E. "revitalize its culture" and "shock employees into changing their behavior."
86. The external environment is composed of two layers: the _____ environment and the _____ environment.
- _____
87. The United Auto Workers union is part of Ford's _____ environment.
- _____
88. A luxury apparel brand CEO was asked if consumers are not buying his brand, what are they burying. Without hesitating he said, 'Apple's products.' In luxury markets, apparel and electronics can be _____.
- _____
89. Standards of behavior that guide individual managers in their work are called _____.
- _____
90. In general, ethical behavior is behavior that conforms to _____.
- _____
91. Some people think Cindy is harsh because she always tells the truth, even when it hurts someone's feelings. This is her _____.
- _____

92. A written statement of what values and ethical standards guide a firm's actions is known as its _____.
93. _____ is an organization's set of social obligations to protect and enhance the social context in which it operates.
94. Official approaches to social responsibility include _____ compliance, ethical compliance, and philanthropic giving.
95. When Home Depot's board of directors approved a \$210 million severance package for CEO Bob Nardelli's retirement, questions were raised about whether the board was fulfilling its responsibility of corporate _____.
96. The formal organizational activity aimed at managing social responsibility with which Milton Friedman would disagree most is _____ because it awards funds to something other than the shareholders.
97. Operation Fast and Furious, making marked guns available to Mexican gangs, was brought to the attention of the media by John Dodson. Dodson was a(n) _____.
98. When a firm in one country allows a firm in another country to use its patents, technology, trademark, or other expertise, the arrangement is called a(n) _____ agreement.
99. _____ is the level of international business which requires that profits be split between all participating firms.
100. Harter Equipment Inc., a retailer, _____ Stihl chainsaws made in Germany to the United States.

101. A Venezuelan oil producer operates Valero gas stations in the United States. This arrangement is called a(n) _____.

102. Between 2004 and 2007, many formerly communist-controlled countries joined the _____.

103. Language is part of the _____ environment that affects firms operating in the international environment.

104. _____ is important because it influences behavior when no one else is looking.

105. The firm's _____ often is the starting point for an organization's culture.

106. Which environment should a CEO monitor most closely? Why?

107. If diversity is recognized as advantageous, then why aren't more boards of directors diverse?

108. Choose a firm with which you are familiar. Describe how the political-legal dimension of the general environment for that business is important for the success of the business.

109. Define the internal environment of an organization, and describe its four parts.

110. You will not be able to predict from your job interview what your first ethical dilemma will look like. So how can you prepare yourself to handle the unknown situation?

111. Define whistle-blowing and briefly describe the problems that employees who elect to be whistle-blowers may encounter.

112. Describe what is meant by the terms “licensing” and “strategic alliance.” What are the differences and similarities between these two concepts?

113. Relations between Iran and the rest of the world show signs of decay. How could that effect international business?

114. What is organization culture? Discuss the importance, determinants, and management of organization culture.

115. What values make up the culture of your school? Give at least three specific examples. How did you learn about your school's culture, or how do you inform newcomers about the culture? Give at least three specific examples.

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 - E. Suppliers
52. Which of the following is an element in an organization's internal environment?
- A. Political-legal
 - B. Competitors
 - C. A campus of facilities**
 - D. Strategic allies
 - E. Technology

53. Workers who purchase company stock have which dual roles in the internal environment?
- A. Employee, board of director
 - B. Shareholder, board of director
 - C. Shareholder, strategic partner
 - D.** Employee, owner
 - E. Monitor, owner
54. Which of the following is an example of an owner of a business?
- A. Individual investors who buy stock in that business
 - B. Partners
 - C. People who have legal property rights to that business
 - D. Individuals who finance and start up a new business
 - E.** All of these.
55. New finance regulations plan to give shareholders the right to vote on executive compensation when executives leave the company. This will decrease the power of
- A. employees.
 - B. owners.
 - C.** board of directors.
 - D. regulators.
 - E. suppliers.
56. Corporate governance is primarily the responsibility of the
- A. owners.
 - B. employees.
 - C. internal environment.
 - D.** board of directors.
 - E. All of these.
57. Under U.S. law, it is illegal for a U.S. firm operating in a foreign country to pay bribes to get what it needs. Natives of some of those same countries consider the payment of bribes to be perfectly acceptable. Which of the following influences may account for this difference?
- A. Cultural differences
 - B. Family influences
 - C. Religious influences
 - D. Value systems
 - E.** All of these.

58. The Taliban forced women to wear Burqas. The clothing made them accident prone and vulnerable to attack because they had no peripheral vision. Many people in democratic societies view the Burqa as
- A. legal and ethical.
 - B.** legal but unethical.
 - C. illegal and unethical.
 - D. illegal but ethical.
 - E. None of these.
59. An organization's obligation to protect and enhance the society in which it operates is called
- A. legal responsibility.
 - B. ethical responsibility.
 - C.** social responsibility.
 - D. cultural responsibility.
 - E. societal responsibility.
60. The Sarbanes-Oxley Act requires the ____ to vouch for the truthfulness and fairness of a firm's financial disclosures.
- A. CEO
 - B. CFO
 - C. COO
 - D.** CEO and CFO
 - E. CEO, CFO, and COO
61. When Disney and IBM refuse to advertise on websites that have no posted privacy policies, they are acting as
- A. ethical leaders.
 - B. privacy advocates.
 - C. corporate hypocrites.
 - D.** ethical leaders and privacy advocates.
 - E. ethical leaders, privacy advocates, and corporate hypocrites.
62. All of the following are common arguments against social responsibility for organizations EXCEPT
- A. involvement in social programs gives businesses too much power.
 - B. there is potential for conflicts of interest.
 - C. the purpose of businesses in the United States is to generate profit for the owners.
 - D.** business creates problems and should therefore help solve them.
 - E. businesses lack the expertise needed to manage social programs.

63. Which of the following actions represents an attempt to manage social responsibility by means of "ethical compliance"?
- A. Requiring top financial managers to ensure compliance with securities and banking regulations
 - B. Donating money to fund the performing arts
 - C.** Creating a committee to write a code of conduct or review proposals concerning selection and promotion
 - D. Consulting the legal department regarding the requirements of a particular law
 - E. Making human resource managers responsible for complying with EEOC standards
64. Which of the following statements can be used to explain the growth of international business?
- A.** Many countries in Europe and Asia were devastated after World War II and had to be rebuilt.
 - B. The postwar population boom decreased demand for products.
 - C. Changes in cultural traditions made the rest of the world open to all of the products made in the U.S.
 - D. Infrastructures in Europe and Asia remained sound in spite of World War II
 - E. All of these statements can be used to explain the growth of international business.
65. Which of the following is NOT one of the alternative international strategies?
- A. Licensing
 - B. Joint ventures
 - C. Direct investment
 - D. Importing/exporting
 - E.** Lateral investment
66. A(n) _____ strategy requires little initial investment, is heavily regulated, and provides little opportunity to modify products for local conditions.
- A.** importing/exporting
 - B. licensing
 - C. joint venture
 - D. direct investment
 - E. global sourcing
67. Content providers sign a(n) _____ with Amazon to allow their product to be downloaded onto Kindles.
- A. joint venture
 - B.** licensing agreement
 - C. direct investment
 - D. exporting agreement
 - E. importing agreement

68. Dishwashers produced in Germany and sold in the U.S. are an example of
- A. importing/exporting.
 - B. licensing.
 - C. a joint venture/strategic alliance.
 - D. direct investment.
 - E. global outsourcing.
69. World Vision built a safe house in Thailand as a refuge for girls fleeing the sex industry. The safe house is an example of
- A. a joint venture/strategic alliance.
 - B. licensing.
 - C. direct investment.
 - D. exporting.
 - E. global involvement.
70. Dow Corning is an equally owned _____ between Dow Chemical and Corning.
- A. global source
 - B. licensing agreement
 - C. export restraint agreement
 - D. joint venture
 - E. direct investment
71. Potential outcomes of licensing agreements are
- A. increased profits.
 - B. prolonged profitability.
 - C. inflexibility.
 - D. franchising.
 - E. Any or all of these.
72. The *maquiladoras* concept is a fairly recent approach to:
- A. strategic alliance.
 - B. licensing agreement.
 - C. direct investment.
 - D. joint venture.
 - E. None of these.
73. General Electric has factories in Mexico near the U.S. border. The products are sold duty free in the NAFTA area. The factories are an example of
- A. licensing.
 - B. a strategic alliance.
 - C. exporting.
 - D. importing.
 - E. maquiladoras.

74. Burger King operates restaurants around the world on U. S. military bases. The agreement between Burger King and the Department of Defense is a(n) ____.
- A. maquiladora.
 - B. licensing agreement.
 - C. exporting agreement.
 - D. importing agreement.
 - E.** strategic alliance.
75. France charges taxes on American fruits and vegetables that are sold in France. This is
- A. a joint venture.
 - B. licensing.
 - C. an export tariff.
 - D.** an import tariff.
 - E. a strategic alliance.
76. The US Commerce Department has limited the amount of sugar that can be imported. This is an example of a(n)
- A.** quota.
 - B. strategic alliance.
 - C. joint venture.
 - D. franchise agreement.
 - E. export restraint agreement.
77. Japanese steel producers voluntarily limit the amount of steel they export to the US. This is an example of a(n)
- A. maquiladora.
 - B. joint venture.
 - C.** export restraint agreement.
 - D. licensing agreement.
 - E. strategic alliance.
78. U.S. cola producers limit the number of beverages that they export to India each year. This is an example of
- A. a quota.
 - B. direct investment.
 - C. a strategic alliance.
 - D. a licensing agreement.
 - E.** an export restraint agreement.

79. When the United States government requires that US military uniforms be produced in the United States, this is an example of
- A. a maquiladoras.
 - B. a tariff.
 - C. a joint venture.
 - D. a strategic alliance.
 - E.** "buy national" legislation.
80. In 2007, the EU had ____ countries.
- A. 17
 - B. 12
 - C. 25
 - D. 22
 - E.** 27
81. Which of the following represents an economic community?
- A.** North American Free Trade Agreement (NAFTA)
 - B. North Atlantic Treaty Organization (NATO)
 - C. United Nations (UN)
 - D. International Monetary Fund (IMF)
 - E. All of these.
82. Which of the following would you observe if you wanted to determine an organization's culture?
- A. The physical appearance of the organization's facilities
 - B. The level of formality or informality in communication
 - C. Employees' dress and demeanor
 - D. The types of stories workers tell about their job experiences
 - E.** All of these.
83. Which of the following is a true statement?
- A.** Organization culture shapes the behavior of employees, and thus impacts organizational effectiveness.
 - B. Organization culture is the same as the national culture of the organization's headquarters facility.
 - C. Organization culture will be the same throughout an organization's subunits.
 - D. Organization culture refers to the cultural and artistic charities that an organization supports.
 - E. Organization culture is frequently and easily changed by most organizations.

84. Managing organizational culture is likely to become more difficult when
- A. the firm has recently undergone a merger.
 - B. management has no clear idea of the desired culture.
 - C. the firm has recently suffered from poor performance.
 - D.** All of these.
 - E. Only when "the firm has recently undergone a merger" and "management has no clear idea of the desired culture."
85. When Continental Airlines took employees outside the headquarters building in Houston to watch the firm's old policy manuals be set on fire by corporate managers, the company was trying to
- A. revitalize its culture.
 - B. shock employees into changing their behavior.
 - C. create more office storage space.
 - D. All of these.
 - E.** "revitalize its culture" and "shock employees into changing their behavior."

86. The external environment is composed of two layers: the _____ environment and the _____ environment.

general, task or
task, general

87. The United Auto Workers union is part of Ford's _____ environment.

internal

88. A luxury apparel brand CEO was asked if consumers are not buying his brand, what are they burying. Without hesitating he said, 'Apple's products.' In luxury markets, apparel and electronics can be _____.

competitors

89. Standards of behavior that guide individual managers in their work are called _____.

managerial ethics

90. In general, ethical behavior is behavior that conforms to _____.

social norms

91. Some people think Cindy is harsh because she always tells the truth, even when it hurts someone's feelings. This is her _____.

ethics

92. A written statement of what values and ethical standards guide a firm's actions is known as its _____.

code of ethics

93. _____ is an organization's set of social obligations to protect and enhance the social context in which it operates.

Social responsibility

94. Official approaches to social responsibility include _____ compliance, ethical compliance, and philanthropic giving.

legal

95. When Home Depot's board of directors approved a \$210 million severance package for CEO Bob Nardelli's retirement, questions were raised about whether the board was fulfilling its responsibility of corporate _____.

governance

96. The formal organizational activity aimed at managing social responsibility with which Milton Friedman would disagree most is _____ because it awards funds to something other than the shareholders.

philanthropic giving

97. Operation Fast and Furious, making marked guns available to Mexican gangs, was brought to the attention of the media by John Dodson. Dodson was a(n) _____.

whistle-blower

98. When a firm in one country allows a firm in another country to use its patents, technology, trademark, or other expertise, the arrangement is called a(n) _____ agreement.

licensing

99. _____ is the level of international business which requires that profits be split between all participating firms.

**Joint venture or
Strategic alliance**

100. Harter Equipment Inc., a retailer, _____ Stihl chainsaws made in Germany to the United States.

imports

101. A Venezuelan oil producer operates Valero gas stations in the United States. This arrangement is called a(n) _____.

direct investment

102. Between 2004 and 2007, many formerly communist-controlled countries joined the _____.

European Union

103. Language is part of the _____ environment that affects firms operating in the international environment.

cultural

104. _____ is important because it influences behavior when no one else is looking.

Culture

105. The firm's _____ often is the starting point for an organization's culture.

founder

106. Which environment should a CEO monitor most closely? Why?

Answer not provided.

107. If diversity is recognized as advantageous, then why aren't more boards of directors diverse?

Answer not provided.

108. Choose a firm with which you are familiar. Describe how the political-legal dimension of the general environment for that business is important for the success of the business.

Answer not provided.

109. Define the internal environment of an organization, and describe its four parts.

Answer not provided.

110. You will not be able to predict from your job interview what your first ethical dilemma will look like. So how can you prepare yourself to handle the unknown situation?

Answer not provided.

111. Define whistle-blowing and briefly describe the problems that employees who elect to be whistle-blowers may encounter.

Answer not provided.

112. Describe what is meant by the terms “licensing” and “strategic alliance.” What are the differences and similarities between these two concepts?

Answer not provided.

113. Relations between Iran and the rest of the world show signs of decay. How could that effect international business?

Answer not provided.

114. What is organization culture? Discuss the importance, determinants, and management of organization culture.

Answer not provided.

115. What values make up the culture of your school? Give at least three specific examples. How did you learn about your school's culture, or how do you inform newcomers about the culture? Give at least three specific examples.

Answer not provided.