Test Bank for Fundamentals of Management 8th Ricky Griffin

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1. Which of the following is a part of an organization's external environment?

a. Board of directors
b. Physical work environment
c. Inflation
d. Organization’s culture
e. Labor unions

ANSWER: c
RATIONALE: The external environment is everything outside an organization’s boundaries that might affect it.
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p.37
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-1 - LO: 2-1
NATIONAL STANDARDS: United States - BUSPROG - Analytic - Business knowledge and analytic skills
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The Organization's Environments
KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

2.
In Asia, consumers have historically had an aversion to debt. However, in recent years credit card use has grown significan aggressive marketing and government policies in the region to promotegrowth in the region.This example comprises the __ organization’s general environment.

a. economic
b. technological
c. sociocultural
d. political-legal
e. task

ANSWER: a
RATIONALE: The economic dimension of an organization’s general environment is the overall health and vitality of the economic system in which the organization operates.
POINTS: 1
DIFFICULTY: Challenging
REFERENCES: p.37
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-1 - LO: 2-1
NATIONAL STANDARDS: United States - BUSPROG: - Analytic
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The Organization's Environments
KEYWORDS: Bloom's: Application
NOTES: Digital Story: Perform

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3. A business manufactures top-of-the-line cabinets. The _____ dimension of its general environment includes computer-assisted design software that helps to convert wood and people's idea into lovely, functional cabinets.

a. legal
b. sociocultural
c. technological
d. political
e. economic

ANSWER: c
RATIONALE: The technological dimension of the general environment is made up of the methods available for converting resources into products or services.
POINTS: 1
DIFFICULTY: Challenging
REFERENCES: p.37
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-1 - LO: 2-1
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The Organization's Environments
KEYWORDS: Bloom's: Application
NOTES: Digital Story: Perform

4. Alex, one of the proprietors of Atlas Corp. is worried.The stock market was not doing well, unemployment was 10 percent, inflation was on the rise again, and government debt was still increasing. These concerns of Alex are related to the _____ dimension of the general environment of Atlas Corp.

a. legal
b. sociocultural
c. technological
d. political
e. economic

ANSWER: e
RATIONALE: The economic dimension of an organization’s general environment is the overall health and vitality of the economic system in which the organization operates.
POINTS: 1
DIFFICULTY: Challenging
REFERENCES: p.37
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-1 - LO: 2-1
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The Organization's Environments
KEYWORDS: Bloom's: Application
NOTES: Digital Story: Perform

5. The set of broad dimensions and forces in an organization’s surroundings that determines its overall context is called the:

a. task environment.
b. general environment.
c. physical work environment.

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d. regulatory environment.
e. ethical environment.

ANSWER: b
RATIONALE: The general environment is the set of broad dimensions and forces in an organization's surroundings that determines its overall context.
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p.37
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-1 - LO: 2-1
NATIONAL STANDARDS: United States - BUSPROG - Analytic - Business knowledge and analytic skills
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The Organization's Environments
KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

6. Which of the following is a concern of the economic dimension of an organization's general environment?
a. Organization's policies and practices
b. Inflation, interest rates, and unemployment
c. Tools, methods, and technology
d. Government regulations
e. Offices, production facilities, and cafeteria

ANSWER: b
RATIONALE: The economic dimension of an organization's general environment is the overall health and vitality of the economic system in which the organization operates.. Particularly important economic factors for business are general economic growth, inflation, interest rates, and unemployment.
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p. 37
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-1 - LO: 2-1
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The Organization's Environments
KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

7. A company would to begin business in another country only if the trade relationships with that country are relatively well defined and stable. In the context of general environment, which of the following does this point of view reflect?
a. Task
b. Economic
c. Technological
d. Political-legal
e. Competitive

ANSWER: d
RATIONALE: The political–legal dimension of the general environment consists of government regulation of business and the relationship between business and government.
POINTS: 1

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DIFFICULTY: Moderate
REFERENCES: p.38
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-1 - LO: 2-1
NATIONAL STANDARDS: United States - BUSPROG - Analytic - Business knowledge and analytic skills
STATE STANDARDS: United States - AK - DISC: Legal Responsibilities
TOPICS: The Organization's Environments
KEYWORDS: Bloom's: Comprehension
NOTES: Digital Story: Connect

8. The _____ dimension of the general environment consists of government regulation of business and the relationship between business and government.

a. technological
b. task
c. political–legal
d. competitive
e. socio–economic

ANSWER: c
RATIONALE: The political–legal dimension of the general environment consists of government regulation of business and the relationship between business and government.
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p. 38
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-1 - LO: 2-1
NATIONAL STANDARDS: United States - BUSPROG - Analytic - Business knowledge and analytic skills
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The Organization's Environments
KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

9. Which of the following is a part of the task environment of organizations?

a. Owners
b. Board of directors
c. Employees
d. Politicians
e. Competitors

ANSWER: e
RATIONALE: The task environment consists of specific organizations or groups that affect the organization. It includes competitors, customers, suppliers, strategic partners, and regulators.
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p.39
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-1 - LO: 2-1
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The Organization's Environments
KEYWORDS: Bloom's: Knowledge

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NOTES: Digital Story: Engage

10. Jeffry's Foodbar, a locally owned restaurant is experiencing competition from an internationally known chain of fast food restaurants, which has recently started business in its neighborhood. Jeffrey's Foodbar is experiencing a change in its:

a. task environment.
b. internal environment.
c. physical work environment.
d. government regulations.
e. organizational culture.

ANSWER: a
RATIONALE: The task environment consists of specific organizations or groups that affect the organization, which includes competitors, customers, suppliers, strategic partners, and regulators.
POINTS: 1
DIFFICULTY: Challenging
REFERENCES: p.39
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-1 - LO: 2-1
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The Organization's Environments
KEYWORDS: Bloom's: Application
NOTES: Digital Story: Perform

11. Which of the following is an accurate difference between the task environment and the general environment?

a. The general environment is quite complex, whereas the task environment is very simple.
b. The task environment provides useful information more readily than the general environment.
c. The task environment deals with more abstract dimensions than the general environment.
d. The general environment's impact is short term, whereas that of the task environment is long term.
e. The general environment includes competitors and regulators, whereas that of the task environment includes customers, suppliers, and strategic partners.

ANSWER: b
RATIONALE: Although the task environment is also quite, it provides useful information more readily than the general environment because the manager can identify environmental factors of specific interest to the organization, rather than deal with the more abstract dimensions of the general environment.
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: p.39
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-1 - LO: 2-1
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The Organization's Environments
KEYWORDS: Bloom's: Comprehension
NOTES: Digital Story: Connect

12. Hike and Loiters are two shoe manufacturers. Their products are similar, they are in the same price range, and their consumers keep switching between their products. This makes them:

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a. strategic allies.
b. competitors.
c. associates.
d. regulators.
e. suppliers.

ANSWER: b
RATIONALE: An organization’s competitors are other organizations that compete with it for resources. The most obvious resources that competitors vie for are customer dollars.
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: p.39
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-1 - LO: 2-1
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The Organization's Environments
KEYWORDS: Bloom's: Comprehension
NOTES: Digital Story: Connect

13. Nonstop is a free instant messaging and voice chat service that allows users to communicate with each other, using a microphone and/or a webcam, over the Internet. Its popularity is increasing and, as a result, the number of people using Chatterbox, another instant texting service, has decreased. Nonstop is a _____ to Chatterbox.

a. competitor
b. supplier
c. customer
d. strategic partner
e. regulator

ANSWER: a
RATIONALE: An organization’s competitors are other organizations that compete with it for resources. The most obvious resources that competitors vie for are customer dollars.
POINTS: 1
DIFFICULTY: Challenging
REFERENCES: p.39
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-1 - LO: 2-1
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The Organization's Environments
KEYWORDS: Bloom's: Application
NOTES: Digital Story: Perform

14. Organizations that provide resources to other organizations are known as:

a. suppliers.
b. competitors.
c. regulators.
d. interest groups.
e. importers.

ANSWER: a

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RATIONALE: Suppliers are organizations that provide resources for other organizations.
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p.39
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-1 - LO: 2-1
NATIONAL STANDARDS: United States - BUSPROG - Analytic - Business knowledge and analytic skills
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The Organization's Environments
KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

15. For a private college, parents of students may be considered part of the _____ dimension of the task environment.
    a. supplier
    b. competitor
    c. regulator
    d. strategic partner
    e. customer

ANSWER: e
RATIONALE: Customers include whoever pays money to acquire an organization's products or services.
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: p.39
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-1 - LO: 2-1
NATIONAL STANDARDS: United States - BUSPROG - Analytic - Business knowledge and analytic skills
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The Organization's Environments
KEYWORDS: Bloom's: Comprehension
NOTES: Digital Story: Connect

16. In the external environment of an organization, the _____ environment's impact is often vague, imprecise, and long term.
    a. general
    b. regulatory
    c. physical work
    d. cultural
    e. competitive

ANSWER: a
RATIONALE: Because the general environment's impact is often vague, imprecise, and long term, most organizations tend to focus attention on their task environment, which includes competitors, customers, suppliers, strategic partners, and regulators.
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p. 39
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-1 - LO: 2-1
NATIONAL STANDARDS: United States - BUSPROG - Analytic - Business knowledge and analytic skills
STATE STANDARDS: United States - AK - DISC: Environmental Influence

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TOPICS: The Organization's Environments
KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

17. _____ are elements of the task environment that have the potential to control, legislate, or otherwise influence an organization's policies and practices.

a. Board members
b. Owners
c. Strategic partners
d. Employees
e. Regulators

ANSWER: e
RATIONALE: Regulators are elements of the task environment that have the potential to control, legislate, or otherwise influence an organization's policies and practices.
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p.40
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-1 - LO: 2-1
NATIONAL STANDARDS: United States - BUSPROG - Analytic - Business knowledge and analytic skills
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The Organization's Environments
KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

18. Ralph Corp. and Swan Inc. are strategic partners. In this context, which of the following statements is most accurate?

a. Ralph and Swan produce the same goods and share the same market.
b. Ralph procures and provides all the raw materials and labour used by Swan for production.
c. Ralph purchases raw materials from Swan in large volumes and uses it to manufacture its products for retail sale.
d. Ralph sells Swan's merchandise at its stores and Swan promotes Ralph stores in its advertisements.
e. Ralph has been using the media to call attention to the negative impact of using Swan's products.

ANSWER: d
RATIONALE: Strategic partners are two or more companies that work together in joint ventures or other partnerships.
POINTS: 1
DIFFICULTY: Challenging
REFERENCES: p.40
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-1 - LO: 2-1
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The Organization's Environments
KEYWORDS: Bloom's: Application
NOTES: Digital Story: Perform

19. A diner received many warnings from the local Board of Health regarding the quality of its food. The Board of Health objected to the trans-fats used for frying and the freshness of bread and meat used at the diner. The Board is playing the role of a(n) _____ in the restaurant's environment.

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a. competitor
b. customer
c. supplier
d. regulator
e. investor

ANSWER: d
RATIONALE: Regulatory agencies are created by the government to protect the public from certain business practices or to protect organizations from one another.
POINTS: 1
DIFFICULTY: Challenging
REFERENCES: p.40
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-1 - LO: 2-1
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The Organization's Environments
KEYWORDS: Bloom's: Application
NOTES: Digital Story: Perform

20. Canyon LLC, a television manufacturing company, is about to launch its smart TV. The television will come with a built-in web browser by a company called Wayfarer Inc. to access Internet. Canyon is Wayfarer's _____.

a. strategic partner
b. business rival
c. franchisee
d. supplier
e. owner

ANSWER: a
RATIONALE: Strategic partners are two or more companies that work together in joint ventures or other partnerships. Strategic partnerships help companies get the expertise they lack from other companies.
POINTS: 1
DIFFICULTY: Challenging
REFERENCES: p.40
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-1 - LO: 2-1
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The Organization's Environments
KEYWORDS: Bloom's: Application
NOTES: Digital Story: Perform

21. Which of the following would supply capital to a business?

a. Employment agencies
b. Regulators
c. Banks
d. Board of directors
e. Employees

ANSWER: c

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RATIONALE: Besides material resources, businesses also rely on suppliers for information (such as economic statistics), labor (in the form of employment agencies), and capital (from lenders such as banks).
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p. 40
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-1 - LO: 2-1
NATIONAL STANDARDS: United States - BUSPROG - Analytic - Business knowledge and analytic skills
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The Organization's Environments
KEYWORDS: Bloom's: Comprehension
NOTES: Digital Story: Connect

22. A group organized by its members to attempt to influence organizations is known as a(n):
    a. interest group.
    b. board of directors.
    c. strategic ally.
    d. competitor.
    e. ethics committee.

ANSWER: a
RATIONALE: Interest group is a group organized by its members to attempt to influence organizations.
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p. 40
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-1 - LO: 2-1
NATIONAL STANDARDS: United States - BUSPROG - Analytic - Business knowledge and analytic skills
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The Organization's Environments
KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

23. An interest group is a form of a _____.
    a. supplier
    b. board of directors
    c. strategic partner
    d. competitor
    e. regulatory agency

ANSWER: e
RATIONALE: A basic form of regulator is the interest group. Interest group is a group organized by its members to attempt to influence organizations.
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p. 40
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-1 - LO: 2-1
NATIONAL STANDARDS: United States - BUSPROG - Analytic - Business knowledge and analytic skills

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STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The Organization's Environments
KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

24. A person who purchases stock in a company becomes a(n) _____ of the company.
    a. member of the board of directors
    b. customer
    c. strategic partner
    d. owner
    e. regulator

ANSWER: d
RATIONALE: Owners can be a single individual who establishes and runs a small business, partners who jointly own the business, individual investors who buy stock in a corporation, or other organizations.
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: p.41
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-1 - LO: 2-1
NATIONAL STANDARDS: United States - BUSPROG - Analytic - Business knowledge and analytic skills
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The Organization's Environments
KEYWORDS: Bloom's: Comprehension
NOTES: Digital Story: Connect

25. In a business, which of the following people have legal property rights to that business?
    a. Employees
    b. Suppliers
    c. Customers
    d. Owners
    e. Regulators

ANSWER: d
RATIONALE: The owners of a business are, of course, the people who have legal property rights to that business.
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p.41
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-1 - LO: 2-1
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The Organization's Environments
KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

26. A corporate _____ is a governing body that is elected by the stockholders and charged with overseeing a firm's general management to ensure that it is run to best serve the stockholders' interests.

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a. council of strategic partners
b. board of directors
c. regulators directorate
d. whistle-blowing committee
e. economic community

ANSWER: b
RATIONALE: A corporate board of directors is a governing body that is elected by the stockholders and charged with overseeing a firm's general management to ensure that it is run to best serve the stockholders' interests.
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p.42
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-1 - LO: 2-1
NATIONAL STANDARDS: United States - BUSPROG - Analytic - Business knowledge and analytic skills
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The Organization's Environments
KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

27. _____ are hired for short periods of time and provide greater flexibility, earn lower wages, and often do not participate in benefits programs.
a. Temporary workers
b. Regulatory agencies
c. Interest groups
d. Strategic allies
e. Suppliers

ANSWER: a
RATIONALE: Temporary workers are individuals hired for short periods of time with no expectation of permanent employment. Employers often prefer to use "temps" because they provide greater flexibility, earn lower wages, and often do not participate in benefits programs.
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p.42
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-1 - LO: 2-1
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The Organization's Environments
KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

28. Which of the following is an element of an organization's internal environment?
a. Government regulations
b. Competitors
c. Facilities
d. Strategic allies
e. Technology suppliers

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ANSWER: c
RATIONALE: A part of the internal environment is the organization's facilities -- its actual physical environment. Some firms have their facilities in downtown skyscrapers, usually spread across several floors.
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p.42
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-1 - LO: 2-1
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The Organization's Environments
KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

29. Which of the following accurately describes the responsibility of a corporate board of directors?
a. Exerting considerable influence by using the media to call attention to their positions
b. Helping the company get the expertise they lack from other companies
c. Ensuring the firm is run to best serve the stockholders' interests
d. Gaining legal property rights to the business by buying stock
e. Protecting the public from certain business practices or to protect organizations from one another

ANSWER: c
RATIONALE: A corporate board of directors is a governing body that is elected by the stockholders and charged with overseeing a firm's general management to ensure that it is run to best serve the stockholders' interests.
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: p.42
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-2 - LO: 2-2
NATIONAL STANDARDS: United States - BUSPROG - Analytic - Business knowledge and analytic skills
STATE STANDARDS: United States - AK - DISC: Ethical Responsibilities
TOPICS: The Organization's Environments
KEYWORDS: Bloom's: Comprehension
NOTES: Digital Story: Connect

30. The term _____ refers to an individual's personal beliefs about whether a behavior, action, or decision is right or wrong.
a. justice
b. culture
c. ethics
d. aesthetics
e. regulations

ANSWER: c
RATIONALE: Ethics is defined as an individual's personal beliefs about whether a behavior, action, or decision is right or wrong.
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p.43

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LEARNING OBJECTIVES: MGMT.GRIF.16. 2-1 - LO: 2-1
NATIONAL STANDARDS: United States - BUSPROG: Ethics
STATE STANDARDS: United States - AK - DISC: Ethical Responsibilities
TOPICS: The Ethical and Social Environment of Management
KEYWORDS: Bloom's: Knowledge
NOTES: Digital story: Engage

31. Which of the following is true of ethics or ethical behavior?
    a. Ethical behavior is the same for all individuals.
    b. Organizations define ethics in the context of the individual.
    c. Organizations themselves have ethics.
    d. Ethical behavior is controlled and directed according to rules made by federal agencies.
    e. Ethical behavior is an individual's personal beliefs.

ANSWER: e
RATIONALE: Ethics is defined as an individual's personal beliefs about whether a behavior, action, or decision is right or wrong.
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: p.43
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-1 - LO: 2-1
NATIONAL STANDARDS: United States - BUSPROG: Ethics
STATE STANDARDS: United States - AK - DISC: Ethical Responsibilities
TOPICS: The Ethical and Social Environment of Management
KEYWORDS: Bloom's: Comprehension
NOTES: Digital story: Connect

32. The management of a company prevents its employees from meeting in groups of three or more. Which of the following would best describe these restrictions imposed by the management?
    a. Legal
    b. Unethical
    c. Illegal
    d. Ethical
    e. Racist

ANSWER: b
RATIONALE: Unethical behavior is behavior that does not conform to generally accepted social norms. One important area of managerial ethics is the treatment of employees by the organization.
POINTS: 1
DIFFICULTY: Challenging
REFERENCES: p.43
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-2 - LO: 2-2
NATIONAL STANDARDS: United States - BUSPROG: Ethics
STATE STANDARDS: United States - AK - DISC: Ethical Responsibilities
TOPICS: The Ethical and Social Environment of Management
KEYWORDS: Bloom's: Application
NOTES: Digital Story: Perform

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33. A(n) _____ occurs when an employee's decision potentially benefits the individual to the possible detriment of the organization.

a. loss of confidence
b. security breach
c. conflict of interest
d. violation of organizational culture
e. act of incitement

ANSWER: c
RATIONALE: A conflict of interest occurs when an employee's decision potentially benefits the individual to the possible detriment of the organization.
POINTS: 1
DIFFICULTY: Difficulty: Moderate
REFERENCES: p. 44
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-2 - LO: 2-2
NATIONAL STANDARDS: United States - BUSPROG: Ethics
STATE STANDARDS: United States - AK - DISC: Ethical Responsibilities
TOPICS: The Ethical and Social Environment of Management
KEYWORDS: Bloom's: Comprehension
NOTES: Digital Story: Connect

34. Which of the following terms represents a formal, written statement of the values and ethical standards that guide a firm's action?

a. Codes of ethics
b. Business plan
c. Standard operating procedures
d. Strategic plan
e. Licensing agreement

ANSWER: a
RATIONALE: Codes of ethics are written statements of the values and ethical standards that guide the firms' actions.
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p.45
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-3 - LO: 2-3
NATIONAL STANDARDS: United States - BUSPROG: Ethics
STATE STANDARDS: United States - AK - DISC: Ethical Responsibilities
TOPICS: The Ethical and Social Environment of Management
KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

35. Myrtle Wines, a chain of wine retailers, has prepared guidelines that clearly specify how employees should interact with suppliers, customers, competitors, and other people associated with their business. These guidelines are documented and distributed at all Myrtle outlets. The guidelines prepared by Myrtle forms its _____.

a. business plan
b. code of ethics
c. strategic plan
d. fair trade standards

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e. licensing agreement

ANSWER: b

RATIONALE: Codes of ethics are a formal, written statement of the values and ethical standards that guide a firm's action.

POINTS: 1

DIFFICULTY: Challenging

REFERENCES: p. 45

LEARNING OBJECTIVES: MGMT.GRIF.16. 2-2 - LO: 2-2

NATIONAL STANDARDS: United States - BUSPROG: Ethics

STATE STANDARDS: United States - AK - DISC: Ethical Responsibilities

TOPICS: The Ethical and Social Environment of Management

KEYWORDS: Bloom's: Application

NOTES: Digital Story: Perform

36. Ethical issues in corporate governance are primarily the responsibility of:

a. interest groups.

b. employees.

c. strategic partners.

d. the board of directors.

e. federal regulatory agencies.

ANSWER: d

RATIONALE: The board of directors of a public corporation is expected to ensure that the business is being properly managed and that the decisions made by its senior management are in the best interests of shareholders and other stakeholders.

POINTS: 1

DIFFICULTY: Easy

REFERENCES: p.46

LEARNING OBJECTIVES: MGMT.GRIF.16. 2-2 - LO: 2-2

NATIONAL STANDARDS: United States - BUSPROG: Ethics

STATE STANDARDS: United States - AK - DISC: Ethical Responsibilities

TOPICS: The Ethical and Social Environment of Management

KEYWORDS: Bloom's: Knowledge

NOTES: Digital Story: Engage

37. _____ is a law that requires CEOs and CFOs to vouch personally for the truthfulness and fairness of their firms' financial disclosures and imposes tough new measures to deter and punish corporate and accounting fraud and corruption.

a. Sarbanes–Oxley Act of 2002

b. Glass–Steagall Act of 1933

c. Gramm–Leach–Bliley Act of 1999

d. Commodity Futures Modernization Act of 2000

e. Investment Company Act of 1940

ANSWER: a

RATIONALE: The basic premise is that CEOs must set their company's moral tone by being honest and straightforward and by taking responsibility for any shortcomings that are identified.

POINTS: 1

DIFFICULTY: Easy

REFERENCES: p.46

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LEARNING OBJECTIVES: MGMT.GRIF.16. 2-2 - LO: 2-2
NATIONAL STANDARDS: United States - BUSPROG: Ethics
STATE STANDARDS: United States - AK - DISC: Ethical Responsibilities
TOPICS: The Ethical and Social Environment of Management
KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

38. The set of obligations that an organization has to protect and enhance the societal context in which it functions is called its:

a. legal responsibility.
b. ethical responsibility.
c. social responsibility.
d. cultural responsibility.
e. financial responsibility.

ANSWER: c
RATIONALE: Social responsibility is the set of obligations an organization has to protect and enhance the societal context in which it functions.
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p.47
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-2 - LO: 2-2
NATIONAL STANDARDS: United States - BUSPROG: Ethics
STATE STANDARDS: United States - AK - DISC: Ethical Responsibilities
TOPICS: The Ethical and Social Environment of Management
KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

39. People who argue in favor of social responsibility claim that:

a. the purpose of business in U.S. society is to generate profit for owners.
b. involvement in social programs gives businesses too much power.
c. businesses do not create problems and should not therefore help solve them.
d. businesses often have surplus revenues necessary the resources necessary to solve problems.
e. there is potential for conflicts of interest among businesses.

ANSWER: d
RATIONALE: Advocates of social responsibility point out that, whereas governmental organizations have stretched their budgets to the limit, many large businesses often have surplus revenues that could be used to help solve social problems.
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: p.47
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-2 - LO: 2-2
NATIONAL STANDARDS: United States - BUSPROG: Ethics
STATE STANDARDS: United States - AK - DISC: Ethical Responsibilities
TOPICS: The Ethical and Social Environment of Management
KEYWORDS: Bloom's: Comprehension
NOTES: Digital Story: Connect

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40. Which of the following is an accurate argument against social responsibility for organizations?
    a. Business is not a partner in our society, unlike the government and the general population.
    b. Corporations are citizens in our society.
    c. Profit generation, for the owners, is the purpose of business in U.S. society.
    d. Business does not create problems and should therefore not try to solve them.
    e. Business lacks the resources needed to solve social programs.

ANSWER: c
RATIONALE: Some people argue that widening the interpretation of social responsibility will undermine the U.S. economy by detracting from the basic mission of business: to earn profits for owners.
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: p.47
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-2 - LO: 2-2
NATIONAL STANDARDS: United States - BUSPROG: Ethics
STATE STANDARDS: United States - AK - DISC: Ethical Responsibilities
TOPICS: The Ethical and Social Environment of Management
KEYWORDS: Bloom's: Comprehension
NOTES: Digital Story: Connect

41. _____ is the extent to which the organization conforms to local, state, federal, and international laws.
    a. Technological compliance
    b. Philanthropic giving
    c. Ethical compliance
    d. Legal compliance
    e. Risk management

ANSWER: d
RATIONALE: Legal compliance is the extent to which the organization conforms to local, state, federal, and international laws.
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p.48
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-2 - LO: 2-2
NATIONAL STANDARDS: United States - BUSPROG: Ethics
STATE STANDARDS: United States - AK - DISC: Ethical Responsibilities
TOPICS: The Ethical and Social Environment of Management
KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

42. Which of the following actions represents an attempt to manage social responsibility through 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 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 the Equal Employment Opportunity Commission (EEOC) standards

ANSWER: c

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RATIONALE: Many organizations also establish formal ethics committees, which may be asked to review proposals for new projects, to help evaluate new hiring strategies, or to assess a new environmental protection plan.
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: p.49
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-2 - LO: 2-2
NATIONAL STANDARDS: United States - BUSPROG: Ethics
STATE STANDARDS: United States - AK - DISC: Ethical Responsibilities
TOPICS: The Ethical and Social Environment of Management
KEYWORDS: Bloom's: Comprehension
NOTES: Digital Story: Connect

43. Which of the following about the ethical compliance of an organization is true?
a. It is a formal dimension of managing social responsibility.
b. It cannot be enhanced by providing training.
c. It includes awarding of funds or gifts to charities or other worthy causes.
d. It is used to circumvent their legal obligations.
e. It cannot be imposed by developing guidelines and codes of conduct.
ANSWER: a
RATIONALE: The formal organizational dimensions through which businesses can manage social responsibility include legal compliance, ethical compliance, and philanthropic giving.
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: p. 48
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-2 - LO: 2-2
NATIONAL STANDARDS: United States - BUSPROG: Ethics
STATE STANDARDS: United States - AK - DISC: Ethical Responsibilities
TOPICS: The Ethical and Social Environment of Management
KEYWORDS: Bloom's: Comprehension
NOTES: Digital Story: Connect

44. Development of guidelines and codes of conduct is one of the most common ways through which an organization ensures _____.
a. risk management
b. technological specification
c. philanthropic giving
d. ethical compliance
e. export restraint agreements
ANSWER: d
RATIONALE: Organizations have increased their efforts in ethical compliance by providing training in ethics and developing guidelines and codes of conduct.
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: p. 48
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-2 - LO: 2-2
NATIONAL STANDARDS: United States - BUSPROG: Ethics

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STATE STANDARDS: United States - AK - DISC: Ethical Responsibilities
TOPICS: The Ethical and Social Environment of Management
KEYWORDS: Bloom's: Comprehension
NOTES: Digital Story: Connect

45. Which of the following is an informal organizational dimension of managing social responsibility?
a. Licensing
b. Philanthropic giving
c. Legal compliance
d. Ethical compliance
e. Organizational culture

ANSWER: e
RATIONALE: In addition to the formal dimensions of managing social responsibility, there are also informal ones. Organizational culture helps shape and define people's perceptions of the organization's stance on social responsibility.
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p.50
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-3 - LO: 2-3
NATIONAL STANDARDS: United States - BUSPROG: Ethics
STATE STANDARDS: United States - AK - DISC: Ethical Responsibilities
TOPICS: The Ethical and Social Environment of Management
KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

46. Soft Bites, a factory that makes breads, has asked all its retailers to return the loaves that have not been sold till the last date of expiry. It then donates all these loaves to shelters for the poor and the homeless. This act of Soft Bites can be termed as _____.
a. corporate gifting
b. legal compliance
c. ethical compliance
d. philanthropic giving
e. apprentice sponsoring

ANSWER: d
RATIONALE: Philanthropic giving is the awarding of funds or gifts to charities or other worthy causes.
POINTS: 1
DIFFICULTY: Challenging
REFERENCES: p. 50
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-2 - LO: 2-2
NATIONAL STANDARDS: United States - BUSPROG: Ethics
STATE STANDARDS: United States - AK - DISC: Ethical Responsibilities
TOPICS: The Ethical and Social Environment of Management
KEYWORDS: Bloom's: Application
NOTES: Digital Story: Perform

47. _____ is an employee's disclosure of illegal or unethical conduct by others within the organization.

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a. Lobbying
b. Influence peddling
c. Whistle-blowing
d. Source criticizing
e. Reconnaissance

ANSWER: c
RATIONALE: Whistle-blowing is an employee's disclosure of illegal or unethical conduct by others within the organization.
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p. 50
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-2 - LO: 2-2
NATIONAL STANDARDS: United States - BUSPROG: Ethics
STATE STANDARDS: United States - AK - DISC: Ethical Responsibilities
TOPICS: The Ethical and Social Environment of Management
KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

48. Which of the following is an advantage of licensing as an approach to internationalization?
a. Lack of competition
b. Extended profitability
c. Lesser uncertainty
d. Flexibility
e. Shared ownership

ANSWER: b
RATIONALE: A company may prefer to arrange for a foreign company to manufacture or market its products under a licensing agreement. Factors leading to this decision may include excessive transportation costs, government regulations, and home production costs.
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: p.52
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-3 - LO: 2-3
NATIONAL STANDARDS: United States - BUSPROG - Analytic - Business knowledge and analytic skills
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The International Environment of Management
KEYWORDS: Bloom's: Comprehension
NOTES: Digital Story: Connect

49. A(n) _____ strategy requires little small cash outlay, is heavily regulated by government, and does not require modification to products for local conditions and is the easiest approach to internationalization.
a. importing
b. licensing
c. joint venture
d. direct investment
e. offshoring

ANSWER: a

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RATIONALE: Importing is bringing a good, service, or capital into the home country from abroad. It requires small cash outlay, does not require adaptation, and has government restrictions imposed on it.
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: p.52
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-3 - LO: 2-3
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The International Environment of Management
KEYWORDS: Bloom's: Comprehension
NOTES: Digital Story: Connect

50. Atlantia is a company that manufactures dishwashers in Germany. Its products are sold in the United States. Which of the following statements is most accurate?

a. Atlantia is exporting its products to the United States.
b. Atlantia has a license agreement with the United States.
c. Atlantia is importing its products from the United States.
d. Atlantia wholly owns subsidiaries of the firm in the United States.
e. Atlantia is outsourcing to the United States.

ANSWER: a
RATIONALE: Exporting is making a product in the firm's domestic marketplace and selling it in another country and can involve both merchandise and services.
POINTS: 1
DIFFICULTY: Challenging
REFERENCES: p.52
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-3 - LO: 2-3
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The International Environment of Management
KEYWORDS: Bloom's: Application
NOTES: Digital Story: Perform

51. A potential disadvantage of licensing agreements is:

a. decreased profits.
b. limited profitability.
c. inflexibility.
d. home production costs.
e. excessive transportation costs.

ANSWER: c
RATIONALE: A company may prefer to arrange for a foreign company to manufacture or market its products under a licensing agreement. Factors leading to this decision may include excessive transportation costs, government regulations, and home production costs.
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: p.52
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-3 - LO: 2-3

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NATIONAL STANDARDS: United States - BUSPROG - Analytic - Business knowledge and analytic skills
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The International Environment of Management
KEYWORDS: Bloom's: Comprehension
NOTES: Digital Story: Connect

52. Which of the following is true of quotas in trade?
a. It is used most commonly to restrict trade.
b. It is used to encourage strategic alliance.
c. It is used to increase domestic competition.
d. It is the tax breaks given by the host government.
e. It is a form of tax collected on imported goods.

ANSWER: a
RATIONALE: Quotas are the most common form of trade restriction. A quota is a limit on the number or value of goods that can be traded.
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: p.52
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-3 - LO: 2-3
NATIONAL STANDARDS: United States - BUSPROG - Analytic - Business knowledge and analytic skills
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The International Environment of Management
KEYWORDS: Bloom's: Comprehension
NOTES: Digital Story: Connect

53. An advantage of importing and exporting is:
a. shared ownership.
b. the lack of government restrictions.
c. low transportation costs.
d. the lack of tariffs and taxes.
e. small cash outlay.

ANSWER: e
RATIONALE: Importing or exporting (or both) is usually the first type of international business in which a firm gets involved. Its advantages include small cash outlay, little risk, and that it does not require adaptation to the local market.
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: p. 52
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-3 - LO: 2-3
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The International Environment of Management
KEYWORDS: Bloom's: Comprehension
NOTES: Digital Story: Connect

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54. Making a product in the firm's domestic marketplace and selling it in another country is known as _____.

a. direct investment
b. exporting
c. joint venture
d. competing
e. franchising

ANSWER: b
RATIONALE: Exporting is making a product in the firm's domestic marketplace and selling it in another country, and can involve both merchandise and services.
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p. 52
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-3 - LO: 2-3
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The International Environment of Management
KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

55. Once a licensing agreement is agreed to, the licensee pays a(n) _____ in return.

a. interest
b. royalty
c. remuneration
d. tariff
e. reward

ANSWER: b
RATIONALE: Licensing is an arrangement whereby a firm allows another company to use its brand name, trademark, technology, patent, copyright, or other assets. In return, the licensee pays a royalty, usually based on sales.
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p. 52
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-3 - LO: 2-3
NATIONAL STANDARDS: United States - BUSPROG - Analytic - Business knowledge and analytic skills
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The International Environment of Management
KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

56. Which of the following is an advantage of direct investment?

a. New infrastructure
b. Simplicity
c. Enhanced control
d. Greater political support
e. Greater certainty

ANSWER: c

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RATIONALE: Direct investment occurs when a firm headquartered in one country builds or purchases operating facilities or subsidiaries in a foreign country.
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: p.53
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-3 - LO: 2-3
NATIONAL STANDARDS: United States - BUSPROG - Analytic - Business knowledge and analytic skills
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The International Environment of Management
KEYWORDS: Bloom's: Comprehension
NOTES: Digital Story: Connect

57. Which of the following approaches to internationalization of business has the disadvantage of shared ownership?
    a. Importing
    b. Licensing
    c. Exporting
    d. Joint ventures
    e. Direct investment
ANSWER: d
RATIONALE: A joint venture is special type of strategic alliance in which the partners actually share ownership of a new enterprise.
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: p.53
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-3 - LO: 2-3
NATIONAL STANDARDS: United States - BUSPROG - Analytic - Business knowledge and analytic skills
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The International Environment of Management
KEYWORDS: Bloom's: Comprehension
NOTES: Digital Story: Connect

58. As an internationalization strategy, the typical use of maquiladoras by U.S. firms is a form of _____.
    a. strategic alliance
    b. licensing agreement
    c. direct investment
    d. joint venture
    e. franchising
ANSWER: c
RATIONALE: Many U.S. firms use maquiladoras for the same purpose as direct investment. Maquiladoras are light assembly plants built in Northern Mexico close to the U.S. border.
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p.53
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-3 - LO: 2-3
NATIONAL STANDARDS: United States - BUSPROG: Analytic
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TOPICS: The International Environment of Management
KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

59. Basco Electric Inc., an American company, has two factories in Mexico near the U.S. border. Basco gets special concessions from the Mexican government as it provides employment to the local population. The factories are an example of:

a. licensing agreements.
b. franchisees.
c. leases.
d. imports
e. maquiladoras.

ANSWER: e
RATIONALE: Maquiladoras are light assembly plants built in Northern Mexico close to the U.S. border. The plants are given special tax breaks by the Mexican government, and the area is populated with workers willing to work for low wages.
POINTS: 1
DIFFICULTY: Challenging
REFERENCES: p.53
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-3 - LO: 2-3
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The International Environment of Management
KEYWORDS: Bloom's: Application
NOTES: Digital Story: Perform

60. Sam's Big Bites, an American chain of burger stands, operates on all military bases in the United States. The agreement between Sam's Big Bites and the Department of Defense is a(n) _____.

a. maquiladora.
b. licensing agreement
c. exporting agreement
d. importing agreement
e. strategic alliance

ANSWER: e
RATIONALE: In a strategic alliance, two or more firms jointly cooperate for mutual gain.
POINTS: 1
DIFFICULTY: Challenging
REFERENCES: p.53
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-3 - LO: 2-3
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The International Environment of Management
KEYWORDS: Bloom's: Application
NOTES: Digital Story: Perform

61. In a(n) _____, two or more firms share equal ownership of a new enterprise.

a. direct investment

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b. technology transfer
c. joint venture
d. interest group
e. economic community

ANSWER: c
RATIONALE: A joint venture is special type of strategic alliance in which the partners actually share ownership of a new enterprise.
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p. 53
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-3 - LO: 2-3
NATIONAL STANDARDS: United States - BUSPROG - Analytic - Business knowledge and analytic skills
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The International Environment of Management
KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

62. _____ are light assembly plants built in Northern Mexico close to the U.S. border.
a. Industrial estates
b. Company towns
c. Hawthorne mills
d. Maquiladoras
e. Armories

ANSWER: d
RATIONALE: Maquiladoras are light assembly plants built in Northern Mexico close to the U.S. border.
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p. 53
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-3 - LO: 2-3
NATIONAL STANDARDS: United States - BUSPROG - Analytic - Business knowledge and analytic skills
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The International Environment of Management
KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

63. The _____ of an organization includes all the values, symbols, beliefs, and language that guide behavior.
a. task environment
b. general environment
c. physical work environment
d. regulatory environment
e. cultural environment

ANSWER: e
RATIONALE: One significant contextual challenge for the international manager is the cultural environment and how it affects business. A country's culture includes all the values, symbols, beliefs, and language that guide behavior.
POINTS: 1

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DIFFICULTY: Easy
REFERENCES: p. 53
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-3 - LO: 2-3
NATIONAL STANDARDS: United States - BUSPROG - Analytic - Business knowledge and analytic skills
STATE STANDARDS: United States - AK - DISC: Environmental Influence
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KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

64. Which of the following statements about cultural environment is true?
a. An employee's cultural environment is personal, therefore, does not affect his profession.
b. In international business, cultural factors always cause problems for managers.
c. Cultural differences between countries can have a direct impact on business practice.
d. Difficulties can arise when there is complete overlap between a manager's home culture and the culture of the country in which business is to be conducted.
e. Subtle cultural differences between countries do not have a major impact on business activities.

ANSWER: c
RATIONALE: Cultural differences between countries can have a direct impact on business practice.
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: p. 53
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-3 - LO: 2-3
NATIONAL STANDARDS: United States - BUSPROG - Analytic - Business knowledge and analytic skills
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The International Environment of Management
KEYWORDS: Bloom's: Comprehension
NOTES: Digital Story: Connect

65. The French government charges a 25 percent tax on all American fruits and vegetables that are sold in France. This tax collected by French authorities is a(n) _____.
a. direct investment
b. license
c. export tariff
d. import tariff
e. strategic alliance

ANSWER: d
RATIONALE: Import tariffs, which are the most common, can be levied to protect domestic companies by increasing the cost of foreign goods.
POINTS: 1
DIFFICULTY: Challenging
REFERENCES: p.54
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-3 - LO: 2-3
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The International Environment of Management
KEYWORDS: Bloom's: Application

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NOTES: Digital Story: Perform

66. Accords reached by governments in which countries voluntarily limit the volume or value of goods they export to or import from one another are known as _____.

a. service-level agreements
b. licensing agreements
c. export restraint agreements
d. strategic alliance agreements
e. operational-level agreements

ANSWER: c
RATIONALE: Export restraint agreements are designed to convince other governments to limit voluntarily the volume or value of goods exported to or imported from a particular country.
POINTS: 1
DIFFICULTY: Challenging
REFERENCES: p.54
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-3 - LO: 2-3
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The International Environment of Management
KEYWORDS: Bloom's: Application
NOTES: Digital Story: Perform

67. Almonds United Inc., a company that produces almonds, is based in California, United States. Almonds United ensures that most of its produce is sold in the local market and not more than 20 percent is sold in the Indian markets each year. This is in accordance with the U.S. government's voluntary limit on trade with India. Almonds United is following the _____ exercised by the U.S. government.

a. franchising agreement
b. direct investment
c. strategic alliance
d. licensing agreement
e. export restraint agreement

ANSWER: e
RATIONALE: Export restraint agreements are designed to convince other governments to limit voluntarily the volume or value of goods exported to or imported from a particular country.
POINTS: 1
DIFFICULTY: Challenging
REFERENCES: p.54
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-3 - LO: 2-3
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The International Environment of Management
KEYWORDS: Bloom's: Application
NOTES: Digital Story: Perform

68. The government of Westeria has made it mandatory that all local publishers must use paper made in Westeria itself. This restriction imposed by Westeria on its publishers is a form of:

a. "ban maquiladoras" policy.

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b. import tariff.
c. export restraint agreement.
d. "go global" strategy.
e. "buy national" legislation.

ANSWER: e
RATIONALE: "Buy national" legislation gives preference to domestic producers through content or price restrictions.
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p.54
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-3 - LO: 2-3
NATIONAL STANDARDS: United States - BUSPROG - Analytic - Business knowledge and analytic skills
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The International Environment of Management
KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

69. Which of the following statements about organizational culture is true?
a. Organizational culture shapes the behavior of employees, and thus impacts organizational effectiveness.
b. Organizational culture of an overseas franchisee is always the same as the culture of the nation in which the organization's headquarters are located.
c. Organizational culture will necessarily be the same throughout an organization's subunits.
d. Organizational culture refers to the cultural and artistic charities that an organization supports.
e. Organizational culture is frequently and easily changed by most organizations.

ANSWER: a
RATIONALE: Culture is a powerful force in organizations, one that can shape the firm's overall effectiveness and long-term success.
POINTS: 1
REFERENCES: p. 54
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-4 - LO: 2-4
NATIONAL STANDARDS: United States - BUSPROG: Diversity
STATE STANDARDS: United States - AK - DISC: Group Dynamics
TOPICS: The Organization's Culture
KEYWORDS: Bloom's: Comprehension
NOTES: Digital Story: Connect

70. An American company is in a joint venture with an overseas Asian company. The U.S. managers are particular about time management and appointments for conference calls and meetings. However, their overseas Asian counterparts are not conditioned the same way and don't necessarily adhere to schedules. This variation in time management is an aspect of their _____ environment.
a. legal
b. cultural
c. technological
d. political
e. economic

ANSWER: b
RATIONALE: One significant contextual challenge for the international managers is the cultural

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environment and how it affects business. For example, in the United States, most managers clearly agree about the value of time. Other cultures do not put such a premium on time.

POINTS: 1
DIFFICULTY: Challenging
REFERENCES: p. 54
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-3 - LO: 2-3
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The International Environment of Management
KEYWORDS: Bloom's: Application
NOTES: Digital Story: Perform

71. A(n) _____ is a limit on the number or value of goods that can be traded.
    a. royalty
    b. tariff
    c. quota
    d. threshold
    e. allowance

ANSWER: c
RATIONALE: A quota is a limit on the number or value of goods that can be traded.
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p. 54
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-3 - LO: 2-3
NATIONAL STANDARDS: United States - BUSPROG - Analytic - Business knowledge and analytic skills
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The International Environment of Management
KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

72. A(n) _____ is a tax collected on goods shipped across national boundaries.
    a. quota
    b. tariff
    c. allowance
    d. remuneration
    e. commission

ANSWER: b
RATIONALE: A tariff is a tax collected on goods shipped across national boundaries.
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p. 54
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-3 - LO: 2-3
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The International Environment of Management
KEYWORDS: Bloom's: Knowledge

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NOTES: Digital Story: Engage

73. In international trade, the _____ amount is typically designed to ensure that domestic competitors will be able to maintain a certain market share.

a. benefaction
b. royalty
c. tariff
d. quota
e. minimum hourly wage

ANSWER: d
RATIONALE: The quota amount is typically designed to ensure that domestic competitors will be able to maintain a certain market share.
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: p. 54
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-3 - LO: 2-3
NATIONAL STANDARDS: United States - BUSPROG - Analytic - Business knowledge and analytic skills
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The International Environment of Management
KEYWORDS: Bloom's: Comprehension
NOTES: Digital Story: Connect

74. _____ are, in effect, export quotas.

a. Export restraint agreements
b. Export licensing agreements
c. Service-level agreements
d. Export tariffs
e. Strategic alliance agreements

ANSWER: a
RATIONALE: Export restraint agreements are designed to convince other governments to limit voluntarily the volume or value of goods exported to or imported from a particular country. They are, in effect, export quotas.
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p. 54
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-3 - LO: 2-3
NATIONAL STANDARDS: United States - BUSPROG - Analytic - Business knowledge and analytic skills
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The International Environment of Management
KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

75. _____ gives preference to domestic producers through content or price restrictions.

a. “Buy national” legislation
b. “Go local” strategy
c. Federal acquisition regulation

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d. Trade agreements legislation

e. “Ban maquiladoras” policy

ANSWER: a

RATIONALE: “Buy national” legislation gives preference to domestic producers through content or price restrictions.

POINTS: 1

DIFFICULTY: Difficulty: Easy

REFERENCES: p. 54

LEARNING OBJECTIVES: MGMT.GRIF.16. 2-3 - LO: 2-3

NATIONAL STANDARDS: United States - BUSPROG - Analytic - Business knowledge and analytic skills

STATE STANDARDS: United States - AK - DISC: Environmental Influence

TOPICS: The International Environment of Management

KEYWORDS: Bloom's: Knowledge

NOTES: Digital Story: Engage

76. Which of the following statements about the European Union is true?

a. It dictates the internal organizational culture.

b. It is a union of observer countries that monitor the open markets to ensure that WTO rules are followed.

c. It is the strategic alliance between a European company and an American company.

d. It a form of labor union across Europe.

e. It is an economic community.

ANSWER: e

RATIONALE: An international economic community is a set of countries that agree to markedly reduce or eliminate trade barriers among member nations. The first of these economic communities is the European Union.

POINTS: 1

DIFFICULTY: Moderate

REFERENCES: p.55

LEARNING OBJECTIVES: MGMT.GRIF.16. 2-3 - LO: 2-3

NATIONAL STANDARDS: United States - BUSPROG - Analytic - Business knowledge and analytic skills

STATE STANDARDS: United States - AK - DISC: Environmental Influence

TOPICS: The International Environment of Management

KEYWORDS: Bloom's: Comprehension

NOTES: Digital Story: Connect

77. Which of the following is an agreement among the United States, Canada, and Mexico to promote trade with one another?

a. North American Free Trade Agreement

b. North Atlantic Treaty Organization

c. General Agreement on Tariffs and Trade

d. Transatlantic Free Trade Agreement

e. World Trade Organization

ANSWER: a

RATIONALE: The North American Free Trade Agreement (NAFTA) is an agreement among the United States, Canada, and Mexico to promote trade with one another.

POINTS: 1

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DIFFICULTY: Easy
REFERENCES: p.55
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-3 - LO: 2-3
NATIONAL STANDARDS: United States - BUSPROG - Analytic - Business knowledge and analytic skills
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The International Environment of Management
KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

78. An international _____ is a set of countries that agree to markedly reduce or eliminate trade barriers among member nations.

a. commonwealth
b. trade bloc
c. economic community
d. customs union
e. free trade area

ANSWER: c
RATIONALE: An international economic community is a set of countries that agree to markedly reduce or eliminate trade barriers among member nations.
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p. 55
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-3 - LO: 2-3
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The International Environment of Management
KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

79. Which of the following determines an organization's culture?

a. The extended benefits provided by an organization
b. The level of formality or informality in communication within an organization
c. The regulations for work performance set by an organization
d. The strategic partners of an organization
e. The products and services available for the functioning of an organization

ANSWER: b
RATIONALE: Organizational culture is the set of values, beliefs, behaviors, customs, and attitudes that helps the organization’s members understand what it stands for, how it does things, and what it considers important.
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: p. 56
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-4 - LO: 2-4
NATIONAL STANDARDS: United States - BUSPROG: Diversity
STATE STANDARDS: United States - AK - DISC: Group Dynamics
TOPICS: The Organization's Culture

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KEYWORDS: Bloom's: Comprehension
NOTES: Digital Story: Connect

80. Unicorn designs Inc., a software company, requires its employees to wear a specific color every day of the week. The colors for the weekdays are presently orange, red, green, yellow, and blue, respectively. The colors are changed from time to time and the employees are informed about it. The colors should be visible and could be on anything, like scarves, bags, ties, or socks. According to the management, the color coding system makes the company a vibrant and fun place to work. This decision of the management affects the _____.

a. company's economic dimension
b. task environment
c. technological dimension
d. organizational culture
e. political–legal atmosphere

ANSWER: d
RATIONALE: Organizational culture is the set of values, beliefs, behaviors, customs, and attitudes that helps the organization's members understand what it stands for, how it does things, and what it considers important.
POINTS: 1
DIFFICULTY: Challenging
REFERENCES: p. 56
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-4 - LO: 2-4
NATIONAL STANDARDS: United States - BUSPROG: Diversity
STATE STANDARDS: United States - AK - DISC: Group Dynamics
TOPICS: The Organization's Culture
KEYWORDS: Bloom's: Application
NOTES: Digital Story: Perform

81. The _____ is a trade agreement intended to promote international trade by reducing trade barriers and making it easier for all nations to compete in international markets.

a. Agreement on the Application of Sanitary and Phytosanitary Measures (SPS)
b. Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS)
c. North American Free Trade Agreement (NAFTA)
d. General Agreement on Tariffs and Trade (GATT)
e. Agreement on Technical Barriers to Trade (TBT)

ANSWER: d
RATIONALE: The GATT is a trade agreement intended to promote international trade by reducing trade barriers and making it easier for all nations to compete in international markets.
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p. 56
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-3 - LO: 2-3
NATIONAL STANDARDS: United States - BUSPROG - Analytic - Business knowledge and analytic skills
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The International Environment of Management
KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

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82. The _____ replaced the General Agreement on Tariffs and Trade (GATT) and absorbed its mission in 1995.

a. European Union (EU)
b. International Trade Centre (ITC)
c. World Trade Organization (WTO)
d. United Nations Conference on Trade and Development (UNCTAD)
e. Global System of Trade Preferences among Developing Countries (GSTP)

ANSWER: c
RATIONALE: The World Trade Organization (WTO) came into existence on January 1, 1995. The WTO replaced the GATT and absorbed its mission.
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p. 56
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-3 - LO: 2-3
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The International Environment of Managemen
KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

83. _____ is the set of values, beliefs, behaviors, customs, and attitudes that helps the organization's members understand what it stands for, how it does things, and what it considers important.

a. Workplace diversity
b. Working class culture
c. Organizational culture
d. Ethnography
e. Business diversity

ANSWER: c
RATIONALE: Organizational culture is the set of values, beliefs, behaviors, customs, and attitudes that helps the organization's members understand what it stands for, how it does things, and what it considers important.
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p. 56
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-4 - LO: 2-4
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The Organization's Culture
KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

84. Which of the following is true of the World Trade Organization (WTO)?

a. The WTO establishes impartial procedures for resolving trade disputes among its members.
b. The WTO requires members to limit their markets in international trade.
c. The WTO replaced the GATT and dismissed its mission.
d. The WTO focuses too narrowly on human rights and the environment.
e. The WTO promotes trade flows by encouraging nations to adopt preferential and flexible trade policies.

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ANSWER: a

RATIONALE: A basic goal of WTO is to establish impartial procedures for resolving trade disputes among its members. Members are required to open their markets to international trade and to follow WTO rules.

POINTS: 1

DIFFICULTY: Moderate

REFERENCES: p. 56

LEARNING OBJECTIVES: MGMT.GRIF.16. 2-3 - LO: 2-3

NATIONAL STANDARDS: United States - BUSPROG: Analytic

STATE STANDARDS: United States - AK - DISC: Environmental Influence

TOPICS: The International Environment of Management

KEYWORDS: Bloom's: Comprehension

NOTES: Digital Story: Connect

85. Which of the following is true of organizational culture?

a. Managers are advised to maintain an organization's culture even if it has become dysfunctional.
b. Corporate success and shared experiences have limited effect on organizational culture.
c. Organizational culture is always consistent throughout each of the divisions of an organization.
d. An organization's culture is not necessarily be affected by the growth of rival factions within the organization.
e. Organizational culture can be maintained by rewarding people whose behaviors are consistent with the existing culture.

ANSWER: e

RATIONALE: Culture can also be maintained by rewarding and promoting people whose behaviors are consistent with the existing culture and by articulating the culture through slogans, ceremonies, and so forth.

POINTS: 1

DIFFICULTY: Difficulty: Moderate

REFERENCES: p. 57

LEARNING OBJECTIVES: MGMT.GRIF.16. 2-4 - LO: 2-4

NATIONAL STANDARDS: United States - BUSPROG: Diversity

STATE STANDARDS: United States - AK - DISC: Group Dynamics

TOPICS: The Organization’s Culture

KEYWORDS: Bloom's: Comprehension

NOTES: Digital Story: Connect

86. The _____ of the general environment is made up of the methods available for converting resources into products or services.

ANSWER: technological dimension

RATIONALE: The technological dimension of the general environment is made up of the methods available for converting resources into products or services.

POINTS: 1

DIFFICULTY: Difficulty: Easy

REFERENCES: p. 37

LEARNING OBJECTIVES: MGMT.GRIF.16. 2-1 - LO: 2-1

NATIONAL STANDARDS: United States - BUSPROG - Analytic - Business knowledge and analytic skills

STATE STANDARDS: United States - AK - DISC: Environmental Influence

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TOPICS: The Organization's Environments
KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

87. An organization's _____ are other organizations that compete with it for resources.
ANSWER: competitors
RATIONALE: An organization's competitors are other organizations that compete with it for resources.
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p. 39
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-1 - LO: 2-1
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The Organization's Environments
KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

88. The term _____ refers to behavior that conforms to generally accepted social norms.
ANSWER: ethical behavior
RATIONALE: The term ethical behavior usually refers to behavior that conforms to generally accepted social norms.
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p. 43
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-2 - LO: 2-2
NATIONAL STANDARDS: United States - BUSPROG: Ethics
STATE STANDARDS: United States - AK - DISC: Ethical Responsibilities
TOPICS: The Ethical and Social Environment of Management
KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

89. Standards of behavior that guide individual managers in their work are called _____.
ANSWER: managerial ethics
RATIONALE: Managerial ethics consists of the standards of behavior that guide individual managers in their work.
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p. 43
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-2 - LO: 2-2
NATIONAL STANDARDS: United States - BUSPROG: Ethics
STATE STANDARDS: United States - AK - DISC: Ethical Responsibilities
TOPICS: The Ethical and Social Environment of Management
KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

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

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ANSWER: code of ethics
RATIONALE: Codes of ethics refer to a formal, written statement of the values and ethical standards that guide a firm's action.
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p. 45
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-2 - LO: 2-2
NATIONAL STANDARDS: United States - BUSPROG: Ethics
STATE STANDARDS: United States - AK - DISC: Ethical Responsibilities
TOPICS: The Ethical and Social Environment of Management
KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

91. _____ is an organization's set of social obligations to protect and enhance the social context in which it operates.
ANSWER: Social responsibility
RATIONALE: Social responsibility is the set of obligations an organization has to protect and enhance the societal context in which it functions.
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p. 47
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-2 - LO: 2-2
NATIONAL STANDARDS: United States - BUSPROG: Ethics
STATE STANDARDS: United States - AK - DISC: Ethical Responsibilities
TOPICS: The Ethical and Social Environment of Management
KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

92. An employee who discloses illegal or unethical conduct by others within the organization is called a(n) _____.
ANSWER: whistle-blower
RATIONALE: Whistle-blowing is an employee's disclosure of illegal or unethical conduct by others within the organization.
POINTS: 1
DIFFICULTY: Difficulty: Easy
REFERENCES: p. 50
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-2 - LO: 2-2
NATIONAL STANDARDS: United States - BUSPROG: Ethics
STATE STANDARDS: United States - AK - DISC: Ethical Responsibilities
TOPICS: The Ethical and Social Environment of Management
KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

93. _____ is an arrangement whereby a firm allows another company to use its brand name, trademark, technology, patent, copyright, or other assets.
ANSWER: Licensing
RATIONALE: Licensing is an arrangement whereby a firm allows another company to use its brand name, trademark, technology, patent, copyright, or other assets.
POINTS: 1

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DIFFICULTY: Easy
REFERENCES: p. 52
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-3 - LO: 2-3
NATIONAL STANDARDS: United States - BUSPROG - Analytic - Business knowledge and analytic skills
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The International Environment of Management
KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

94. _____ occurs when a firm headquartered in one country builds or purchases operating facilities or subsidiaries in a foreign country.
ANSWER: Direct investment
RATIONALE: Direct investment occurs when a firm headquartered in one country builds or purchases operating facilities or subsidiaries in a foreign country.
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p. 53
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-3 - LO: 2-3
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The International Environment of Management
KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

95. _____ is the set of values, beliefs, behaviors, customs, and attitudes that helps the organization's members understand what it stands for, how it does things, and what it considers important.
ANSWER: Organizational cultural
RATIONALE: Organizational culture is the set of values, beliefs, behaviors, customs, and attitudes that helps the organization's members understand what it stands for, how it does things, and what it considers important.
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p. 56
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-4 - LO: 2-4
NATIONAL STANDARDS: United States - BUSPROG - Analytic - Business knowledge and analytic skills
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The Organization's Culture
KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

96. Define the internal environment of an organization, and describe its four major elements.
ANSWER: An organization's internal environment consists of conditions and forces within the organization. It consists of an organization's owners, board of directors, employees, and physical work environment.

Owners: The owners of a business are, of course, the people who have legal property rights to that business. Owners can be a single individual who establishes and runs a small business, partners who jointly own the business, individual investors who buy stock in a corporation, or

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other organizations.

Board of Directors: A corporate board of directors is a governing body that is elected by the stockholders and charged with overseeing a firm's general management to ensure that it is run to best serve the stockholders' interests. Some boards are relatively passive: They perform a general oversight function but seldom get actively involved in how the company is really run. But this trend is changing as more and more boards carefully scrutinize the firms they oversee and exert more influence over how they are being managed.

Employees: An organization's employees are also a major element of its internal environment. Of particular interest to managers today is the changing nature of the workforce, which is becoming increasingly more diverse in terms of gender, ethnicity, age, and other dimensions. Workers are also calling for more job ownership—either partial ownership in the company or at least more say in how they perform their jobs. Another trend in many firms is increased reliance on temporary workers—individuals hired for short periods of time with no expectation of permanent employment.

Physical Work Environment: A final part of the internal environment is the organization's actual physical environment and the work that people do. Some firms have their facilities in downtown skyscrapers, usually spread across several floors. Others locate in suburban or rural settings and may have facilities more closely resembling a college campus. Some facilities have long halls lined with traditional offices. Others have modular cubicles with partial walls and no doors.

POINTS: 1
DIFFICULTY: Difficulty: Moderate
REFERENCES: p. 41-42
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-1 - LO: 2-1
NATIONAL STANDARDS: United States - BUSPROG - Analytic - Business knowledge and analytic skills
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The Organization's Environments
KEYWORDS: Bloom's: Comprehension
NOTES: Digital Story: Connect

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

ANSWER: Whistle-blowing is an employee's disclosure of illegal or unethical conduct by others within the organization. How an organization responds to this practice often indicates its values as they relate to social responsibility.
Whistle-blowers may have to proceed through a number of channels to be heard, and they may even get fired for their efforts. Many organizations, however, welcome their contributions.
A person who observes questionable behavior typically first reports the incident to his or her boss. If nothing is done, the whistle-blower may then inform higher-level managers or an ethics committee, if one exists. Eventually, the person may have to go to a regulatory agency or even the media to be heard.

POINTS: 1
DIFFICULTY: Moderate
REFERENCES: p. 50
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-2 - LO: 2-2
NATIONAL STANDARDS: United States - BUSPROG: Ethics
STATE STANDARDS: United States - AK - DISC: Ethical Responsibilities

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TOPICS: The Ethical and Social Environment of Management
KEYWORDS: Bloom's: Comprehension
NOTES: Digital Story: Connect

98. What is organizational culture? Discuss the importance, determinants, and management of organization culture.
ANSWER: Organizational culture is the set of values, beliefs, behaviors, customs, and attitudes that helps the organization's members understand what it stands for, how it does things, and what it considers important.

The Importance of Organizational Culture:
Culture determines the organization's "feel." A strong and clear culture can play an important role in the competitiveness of a business. At the same time, though, there is no universal culture that will help all organizations. The same culture is not necessarily found throughout an entire organization. For example, the sales and marketing department may have a culture quite different from that of the operations and manufacturing department. Regardless of its nature, however, culture is a powerful force in organizations, one that can shape the firm's overall effectiveness and long-term success. Companies that can develop and maintain a strong culture tend to be more effective than companies that have trouble developing and maintaining a strong culture.

Determinants of Organizational Culture:
Typically, organizational culture develops and blossoms over a long period of time. Its starting point is often the organization's founder. As an organization grows, its culture is modified, shaped, and refined by symbols, stories, heroes, slogans, and ceremonies. Corporate success and shared experiences also shape culture.

Management of Organizational Culture:
Essentially, the manager must understand the current culture and then decide whether it should be maintained or changed. By understanding the organization's current culture, managers can take appropriate actions. Culture can also be maintained by rewarding and promoting people whose behaviors are consistent with the existing culture and by articulating the culture through slogans, ceremonies, and so forth.Managers must walk a fine line, however, between maintaining a culture that still works effectively and changing a culture that has become dysfunctional.Culture problems sometimes arise from mergers or the growth of rival factions within an organization. To change culture, managers must have a clear idea of what they want to create.

POINTS: 1
DIFFICULTY: Moderate
REFERENCES: p. 56-58
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-4 - LO: 2-4
NATIONAL STANDARDS: United States - BUSPROG: Diversity
STATE STANDARDS: United States - AK - DISC: Group Dynamics
TOPICS: The Organization's Culture
KEYWORDS: Bloom's: Comprehension
NOTES: Digital Story: Connect

Match the following numbered items with the most accurate response letter.
A response may be used once, more than once, or not at all.
a. General environment
b. Internal environment
c. Task environment

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DIFFICULTY: Easy
REFERENCES: p. 38
p. 39
p. 41
p. 42
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-1 - LO: 2-1
NATIONAL STANDARDS: United States - BUSPROG - Analytic - Business knowledge and analytic skills
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The Organization's Environments
KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

99. Owners
ANSWER: b
POINTS: 1

100. Political-legal trends
ANSWER: a
POINTS: 1

101. Competitors
ANSWER: c
POINTS: 1

102. Employees
ANSWER: b
POINTS: 1

103. Customers
ANSWER: c
POINTS: 1

Match the following numbered items with the most accurate response letter, regarding the advantages of approaches to internationalization.
A response may be used once, more than once, or not at all.
a. Importing or exporting
b. Licensing
c. Strategic alliances
d. Direct Investment
DIFFICULTY: Easy
REFERENCES: p. 52
LEARNING OBJECTIVES: MGMT.GRIF.16. 2-3 - LO: 2-3
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - AK - DISC: Environmental Influence
TOPICS: The International Environment of Management
KEYWORDS: Bloom's: Knowledge
NOTES: Digital Story: Engage

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104. Existing infrastructure
ANSWER: d
POINTS: 1

105. Extended profitability
ANSWER: b
POINTS: 1

106. Quick market entry
ANSWER: c
POINTS: 1

107. Small cash outlay
ANSWER: a
POINTS: 1

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