Test Bank for Fundamentals of Management 9th Griffin

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MULTIPLE CHOICE

1 : Which of the following is a part of an organizations external environment?
A : Board of directors
B : Physical work environment
C : Inflation
D : Organizations culture
E : Employees

Correct Answer : C

2 : In Asia, consumers have historically had an aversion to debt. However, in recent years credit card use has grown significantly, supported by aggressive marketing to promote growth in the region. This example comprises the _____ dimension of an organizations general environment.
A : economic
B : technological
C : sociocultural
D : political-legal
E : task

Correct Answer : A

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 peoples idea into lovely, functional cabinets.
A : legal
B : sociocultural
C : technological
D : political
E : economic

Correct Answer : C

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

Correct Answer : E

5 : The set of broad dimensions and forces in an organizations surroundings that determines its overall context is called the _____ environment.
A : task
B : general
C : physical work
D : regulatory
E : ethical

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Correct Answer : B

6 : Which of the following is a concern of the economic technological of an organizations general environment?
A : Organizations policies and practices
B : Inflation, interest rates, and unemployment
C : Tools, methods, and technology
D : Government regulations
E : Offices, production facilities, and cafeteria

Correct Answer : C

7 : A company would to begin to do 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

Correct Answer : D

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 : politicallegal
D : competitive
E : socioeconomic

Correct Answer : C

9 : Competitors, customers, suppliers, strategic partners, and regulators make up the _____ environment of an organization.
A : technological
B : general
C : economic
D : political-legal
E : task

Correct Answer : E

10 : Eastlawn Pharmacy is a local drugstore that has been serving the neighborhood for over 25 years. Recently, a national pharmacy chain opened one of its stores two blocks from Eastlawn. Eastlawn is experiencing a change in its
A : task environment.
B : internal environment.
C : physical work environment.
D : government regulations.
E : organizational culture.

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Correct Answer : A

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 environments 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.

Correct Answer : B

12 : Laneys and MarketPlace are both grocery stores. They stock similar products, and customers switch between the stores based on convenience, sale items, and other promotions. Laneys and MarketPlace are
A : strategic allies.
B : competitors.
C : associates.
D : regulators.
E : suppliers.

Correct Answer : B

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

Correct Answer : A

14 : Organizations that provide resources to other organizations are known as:
A : suppliers.
B : competitors.
C : regulators.
D : interest groups.
E : importers.

Correct Answer : A

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

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E : customer

Correct Answer : E

16 : Two or more companies that work together in joint ventures or other partnerships are called what?
A : Strategic partners
B : Competitors
C : Customers
D : Suppliers
E : Regulators

Correct Answer : A

17 : _____ are elements of the task environment that have the potential to control, legislate, or otherwise influence an organizations policies and practices.
A : Board members
B : Owners
C : Strategic partners
D : Employees
E : Regulators

Correct Answer : E

18 : Ralph Corp. and Swan Inc. have entered into an arrangement in which Ralph sells Swans merchandise in its stores, and Swan promotes Ralph stores in its advertisements. In this context, which of the following best describes the relationship between Ralph Corp. and Swan Inc.?
A : They are competitors.
B : Ralph is Swans supplier.
C : Swan is Ralphs supplier.
D : They are strategic partners.
E : They are each customers of the other.

Correct Answer : D

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 restaurants environment.
A : competitor
B : customer
C : supplier
D : regulator
E : investor

Correct Answer : D

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 Wayfarers _____.
A : strategic partner
B : business rival

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C : franchisee
D : supplier
E : owner

Correct Answer : A

21 : Which of the following would supply capital to a business?
A : Employment agencies
B : Regulators
C : Banks
D : Board of directors
E : Employees

Correct Answer : C

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.

Correct Answer : A

23 : _____ are created by the government to protect the public from certain business practices or to protect organizations from one another.
A : Interest groups
B : Boards of directors
C : Strategic partner
D : Economic councils
E : Regulatory agencies

Correct Answer : E

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

Correct Answer : D

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

Correct Answer : D

26 : A corporate _____ that is relatively passive performs a general oversight function without

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getting actively involved in how the company is run.
A : council of strategic partners
B : board of directors
C : regulators directorate
D : whistle-blowing committee
E : economic community

Correct Answer : B

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

Correct Answer : A

28 : Which of the following is an element of an organizations internal environment?
A : Government regulations
B : Competitors
C : Facilities
D : Strategic allies
E : Technology suppliers

Correct Answer : C

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

Correct Answer : C

30 : The term _____ refers to an individuals personal beliefs about whether a behavior, action, or decision is right or wrong.
A : justice
B : culture
C : ethics
D : aesthetics
E : regulations

Correct Answer : C

31 : Which of the following is true of ethics or ethical behavior?
A : Ethics is the same for all individuals.
B : Organizations define ethics in the context of the individual.
C : Organizations themselves have ethics.

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D : Ethical behavior is controlled and directed according to rules made by federal agencies.
E : Ethical behavior is behavior that conforms to generally accepted social norms.

Correct Answer : E

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

Correct Answer : B

33 : A(n) _____ occurs when an employees 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

Correct Answer : C

34 : Which of the following terms represents a formal, written statement of the values and ethical standards that guide a firms action?
A : Codes of ethics
B : Business plan
C : Standard operating procedures
D : Strategic plan
E : Licensing agreement

Correct Answer : A

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.
E : licensing agreement.

Correct Answer : B

36 : Ethical issues in corporate governance are primarily the responsibility of
A : interest groups.
B : employees.
C : strategic partners.
D : the board of directors.

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E : federal regulatory agencies.

Correct Answer : D

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 : SarbanesOxley Act of 2002
B : GlassSteagall Act of 1933
C : GrammLeachBliley Act of 1999
D : Commodity Futures Modernization Act of 2000
E : Investment Company Act of 1940

Correct Answer : A

38 : When organizations relate to their environments in ways that involve ethical dilemmas and decisions, these situations are said to fall within the context of the organizations _____ responsibility.
A : legal
B : ethical
C : social
D : cultural
E : financial

Correct Answer : C

39 : Some people who argue in favor of social responsibility for businesses 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 the resources necessary to solve problems.
E : there is potential for conflicts of interest among businesses.

Correct Answer : D

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.

Correct Answer : C

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

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Correct Answer : D

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 policies concerning selection of new hires and promotion of employees
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

Correct Answer : C

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.

Correct Answer : A

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.

Correct Answer : D

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

Correct Answer : E

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.

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Correct Answer : D

47 : _____ is an employees disclosure of illegal or unethical conduct by others within the organization.
A : Lobbying
B : Influence peddling
C : Whistleblowing
D : Source criticizing
E : Reconnaissance

Correct Answer : C

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

Correct Answer : B

49 : A(n) _____ strategy requires small cash outlay, is heavily regulated by government, and does not require modification to products for local conditions.
A : importing
B : licensing
C : joint venture
D : direct investment
E : offshoring

Correct Answer : A

50 : Atlantia is a German 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.

Correct Answer : A

51 : A potential disadvantage of licensing agreements is
A : decreased profits.
B : limited profitability.
C : inflexibility.
D : home production costs.
E : excessive transportation costs.

Correct Answer : C

52 : Which of the following is true of a quota in trade?
A : It is used most commonly to restrict trade.
B : It is used to encourage strategic alliance.

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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.

Correct Answer : A

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.

Correct Answer : E

54 : Making a product in the firms domestic marketplace and selling it in another country is known as
A : direct investment.
B : exporting.
C : joint venture.
D : competing.
E : franchising.

Correct Answer : B

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

Correct Answer : B

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

Correct Answer : C

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

Correct Answer : D

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58 : What are maquiladoras?
A : Strategic alliances between U.S. and Mexican companies
B : Licensing agreements made between U.S. and Mexican companies
C : Light assembly plants built in northern Mexico close to the U.S. border
D : Convenience stores in northern Mexico to serve the workers in the area
E : Light assembly plants in the U.S. near the Mexican border where day workers come for daily work

Correct Answer : C

59 : Basco Electric Inc., is an American company. It built two factories in Mexico, which are wholly owned subsidies of Basco. Basco chose to build in Mexico to get special concessions from the Mexican government for providing employment to the local population. The factories are an example of
A : licensing agreements.
B : franchises.
C : leases.
D : mergers.
E : direct investments.

Correct Answer : E

60 : Sams Big Bites, an American chain of burger stands, operates on all military bases in the United States. The agreement between Sams Big Bites and the Department of Defense is a(n)
A : maquiladora.
B : licensing agreement.
C : exporting agreement.
D : importing agreement.
E : strategic alliance.

Correct Answer : E

61 : In a(n) _____, two or more firms jointly cooperate for mutual gain.
A : direct investment
B : technology transfer
C : strategic alliance
D : interest group
E : economic community

Correct Answer : C

62 : Greater economic and political risks are among the disadvantages associated with
A : importing.
B : exporting.
C : licensing.
D : direct investment.
E : joint ventures.

Correct Answer : D

63 : The _____ environment of an organization includes all the values, symbols, beliefs, and language that guide behavior.
A : task

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B : general
C : physical work
D : regulatory
E : cultural

Correct Answer : E

64 : Which of the following statements about cultural environment is true?
A : An employees 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 managers 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.

Correct Answer : C

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.

Correct Answer : D

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 _____ agreements.
A : service-level
B : licensing
C : export restraint
D : strategic alliance
E : operational-level

Correct Answer : C

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. governments 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

Correct Answer : E

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

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A : ban maquiladoras policy.
B : import tariff.
C : export restraint agreement.
D : go global strategy.
E : buy national legislation.

Correct Answer : E

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 organizations headquarters are located.
C : Organizational culture will necessarily be the same throughout an organizations 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.

Correct Answer : A

70 : An American company is in a joint venture with an overseas Middle East company. The U.S. managers are particular about time management and appointments for conference calls and meetings. However, their overseas Middle Eastern counterparts are not conditioned the same way and dont 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

Correct Answer : B

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

Correct Answer : C

72 : A(n) _____ is a tax collected on goods shipped across national boundaries.
A : quota
B : tariff
C : allowance
D : remuneration
E : commission

Correct Answer : B

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

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A : benefaction
B : royalty
C : tariff
D : quota
E : minimum hourly wage

Correct Answer : D

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

Correct Answer : A

75 : _____ gives preference to domestic producers through content or price restrictions.
A : Buy national legislation
B : Go local strategy
C : Federal acquisition regulation
D : Trade agreements legislation
E : Ban maquiladoras policy

Correct Answer : A

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.

Correct Answer : E

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

Correct Answer : A

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

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E : free trade area

Correct Answer : C

79 : Which of the following is a determinate of an organizations culture?
A : The extended benefits provided by an organization
B : Corporate success and shared experiences
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

Correct Answer : B

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 : companys economic dimension.
B : task environment.
C : technological dimension.
D : organizational culture.
E : politicallegal atmosphere.

Correct Answer : D

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)

Correct Answer : D

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)

Correct Answer : C

83 : Where does an organizations culture originate?
A : Societal norms and expectations
B : Pressure applied through mergers
C : With the organizations founder

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D : Resolution of disputes between rival factions
E : Government regulation of the specific industry

Correct Answer : C

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.

Correct Answer : A

85 : Which of the following is true of organizational culture?
A : Managers are advised to maintain an organizations 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 organizations culture is not necessarily 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.

Correct Answer : E

MATCHING

86 : 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 : Owners
B : Political-legal trends
C : Competitors
D : Employees
E : Customers

A : General environment
B : Internal environment
C : Task environment

Correct Answer :
A : B

B : A

C : C

D : B

E : C

87 : Match the following numbered items with the most accurate response letter, regarding the

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disadvantages of approaches to internationalization.A response may be used once, more than once, or not at all.

A : Greater uncertainty
B : Competition
C : Limits on control and profits
D : Tariffs and taxes

A : Importing or exporting
B : Licensing
C : Strategic alliances
D : Direct Investment

Correct Answer :
A : D

B : B

C : C

D : A

FILL IN THE BLANK

88 : The _____ dimension of the general environment is concerned with factors such as inflation, interest rates, and unemployment.

Correct Answer : economic

89 : An organizations _____ are everyone who pay money to acquire the organizations products or services.

Correct Answer : customers

90 : The term _____ refers to behavior that does not conform to generally accepted social norms.

Correct Answer : unethical behavior

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

Correct Answer : managerial ethics

92 : The awarding of funds or gifts to charities or other worthy causes is called _____ giving.

Correct Answer : philanthropic

93 : _____ is an organizations set of social obligations to protect and enhance the social context in which it operates.

Correct Answer : Social responsibility

94 : _____ is the extent to which the organizations members follow basic ethical (and legal) standards of behavior.

Correct Answer : Ethical compliance

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95 : _____ is an arrangement whereby a firm allows another company to use its brand name, trademark, technology, patent, copyright, or other assets.

Correct Answer : Licensing

96 : Enhanced control and the ability to use an existing infrastructure are reasons why a firm approaching internationalization might choose _____.

Correct Answer : direct investment

97 : _____ is the set of values, beliefs, behaviors, customs, and attitudes that helps the organizations members understand what it stands for, how it does things, and what it considers important.

Correct Answer : Organizational cultural

ESSAY

98 : Define the internal environment of an organization, and describe its four major elements.

Correct 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 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.

99 : Discuss the arguments for and against social responsibility on the part of organizations.

Correct Answer : People who argue in favor of social responsibility claim that—because organizations create many of the problems that need to be addressed, such as air and water pollution and resource depletion—organizations should play a major role in solving them. They also argue that, because corporations are legally defined entities with most of the same

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privileges as private citizens, businesses should not try to avoid their obligations as citizens. 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.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.Another objection to increasing the social responsibility of businesses reflects the position that corporations already wield enormous power and that involvement in social programs gives them even more power. Still another argument against social responsibility focuses on the potential for conflicts of interest.Finally, critics argue that organizations lack the expertise to understand how to assess and make decisions about worthy social programs. How can a company truly know which cause or program is most deserving of its support or how money might best be spent?

100 : What is organizational culture? Discuss the importance, determinants, and management of organization culture.

Correct 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.

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