

Management, 13e (Bateman)

Chapter 2 The External and Internal Environments

- 1) Organizations are open systems that affect and are affected by their external environments.
- 2) Raw materials are an example of inputs.
- 3) When investors bid up stock prices, companies have less capital to fuel their strategies.
- 4) A more diverse workforce presents managers with challenges as well as opportunities.
- 5) According to Michael Porter's model, the competitive environment includes rivalry among current competitors and the impact of new entrants, substitute and complementary products, suppliers, and customers.
- 6) Organizations are at an advantage if they depend on a single powerful supplier because such dependency ensures consistency.
- 7) Environmental uncertainty refers to the lack of information needed to understand or predict the future.
- 8) Enrico has used environmental scanning to gather information that will help him make his company more competitive. This is an example of cognitive intelligence.
- 9) April, a manager in a call center, encourages her employees to solve customers' problems without her approval of the particular situation. In this case, April is trying to empower her employees.
- 10) A strong organization culture is one in which lower-level employees do not concern themselves with the firm's goals, priorities, and practices because management deals with those issues.
- 11) What term is used to describe all the relevant forces outside an organization's boundaries?
 - A) environmental scanning
 - B) competitive intelligence
 - C) external environment
 - D) competitive environment
 - E) organizational climate
- 12) A firm's _____ includes its rivals, suppliers, customers, new entrants, substitutes, and complementary products.
 - A) environmental scanning
 - B) competitive intelligence
 - C) external environment
 - D) competitive environment
 - E) organizational climate

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

- A) leather
- B) canvas
- C) zippers
- D) snaps
- E) purses

14) Although a top executive team may have unique _____ strengths and ideas about its goals, it must consider _____ factors before taking action.

- A) external; internal
- B) internal; external
- C) traditional; unconventional
- D) unconventional; traditional
- E) past; future

15) Which of the following statements about the impact of the stock market is true?

- A) The stock market has little effect on the amount of capital a company has.
- B) If a company exceeds its performance expectations, its stock price will often drop.
- C) Publicly held companies are more insulated from the stock market than privately held companies.
- D) The stock market may have a profound effect on the behavior of individual managers.
- E) Stock market fluctuations have little effect on the compensation of managers.

16) A failure to develop a strategy that incorporates _____ may doom a firm to obsolescence.

- A) hierarchical bureaucracy
- B) many layers of middle management
- C) classic production methods
- D) technological advances
- E) closed communication systems

17) Which of the following is a U.S. government policy or action that is most likely to provide an opportunity for businesses?

- A) deductions in the tax code
- B) fines on heavy polluters
- C) laws against bribing officials
- D) court rulings against monopolies
- E) failure to rule a new product as safe

18) U.S. government policies impose strategic constraints on business organizations, such as the requirement that businesses with 50 or more full-time employees offer health insurance. Juan is the manager of a small factory with 75 employees. Juan sees these government regulations and laws as a detriment to his business and its profitability. What is Juan missing in his assessment of government regulations and laws and their impact on his business?

- A) The law is changing every day and may increase the size of businesses required to provide health insurance.
- B) The health insurance requirement is likely to increase labor costs.
- C) The health insurance requirement can be used strategically when recruiting and retaining talent.
- D) Giving more generous benefits lowers the cost of compensating employees.
- E) Bribes and kickbacks are illegal practices in the United States.

19) What are demographics?

- A) trends regarding how the people within a society think and behave
- B) conditions that prevent new companies from entering an industry
- C) measures of various characteristics of the people who make up social units
- D) the fixed costs that buyers face if they change suppliers
- E) the lack of information needed to understand or predict the future

20) How is immigration affecting U.S. demographics?

- A) It is increasing the diversity of the workforce.
- B) It is decreasing the number of workers.
- C) It is decreasing the number of consumers.
- D) It is making the educational levels of the workforce more similar.
- E) It is decreasing the amount of paperwork needed to hire workers.

21) Which of the following was introduced as the result of an evolving societal trend?

- A) shares of stock
- B) hourly wages
- C) levels of management
- D) offshoring
- E) family leave

22) Which of the following was designed to help managers analyze the competitive environment and adapt to or even influence the nature of competition?

- A) Dell's IdeaStorm
- B) Michael Porter's model
- C) B2B selling
- D) Peter Drucker's theory
- E) organizational smoothing

23) Which of the following is a barrier to entry?

- A) consumer demand for a product
- B) brand identification
- C) the existence of a popular complement
- D) a low-cost distribution method
- E) an inexpensive production process

24) Karl's office has always used Bentley computers. His technical people have suggested that he switch all his employees over to Best computers. Karl is reluctant because it will mean not only replacing all the computers but also buying all new software and taking the time to train everyone.

Karl is worried about

- A) barriers to entry.
- B) benchmarking.
- C) environmental uncertainty.
- D) switching costs.
- E) strategic maneuvering.

25) Supply chain management refers to the

- A) search for information that is unavailable to most people and the process of interpreting what is important and what is not.
- B) identification of the best-in-class performance by a company in a given area and the comparison of your processes to the company's processes.
- C) procedure of sharing power with employees, thereby enhancing their confidence and their belief that they are influential contributors to the organization.
- D) creation of new products, advanced production techniques, and better ways of managing and communicating.
- E) managing of the network of facilities and people that obtain raw materials, transform them into products, and distribute them to customers.

26) The goal of _____ is having the right product in the right quantity at the right place at the right cost.

- A) barriers to entry
- B) benchmarking
- C) supply chain management
- D) empowerment
- E) open systems

27) Tomiko is the manager of Davis Freight, a mid-sized trucking company. The owners have assigned Tomiko the task of applying strategic decision making to analyze the competitive environment. Tomiko does an analysis of the competitors currently in the market and how much market share each has. In addition, Tomiko looks at trends in the trucking industry and how Davis has addressed those trends. Tomiko assesses the possibility of new entrants to the market, factoring in barriers to entry in the trucking business. In addition, Tomiko studies substitutes and complements, as well as suppliers and customers. Is Tomiko covering all of her bases in assessing the competitive environment?

- A) Tomiko has covered the bases necessary for her analysis and is ready to present it.
- B) Tomiko failed to consider the impact of capital requirements and brand identification.
- C) Tomiko needs to include an assessment of the tactics other companies use to compete.
- D) Tomiko should look at the impact of both cost disadvantages and distribution channels.
- E) Tomiko should not consider the impact trends in the industry as part of her assessment.

28) _____ means searching for and sorting through information about the environment.

- A) Environmental uncertainty
- B) Competitive intelligence
- C) Domain selection
- D) Environmental scanning
- E) Strategic maneuvering

29) A human resources manager is considering changing her company's vacation policy. Before she makes a proposal to the senior executive team, she researches the vacation policies of other leading companies in her industry. This is an example of

- A) benchmarking.
- B) demographics.
- C) inputs.
- D) buffering.
- E) smoothing.

30) What is the purpose of benchmarking?

- A) to save money
- B) to reduce the workforce
- C) to adopt best practices
- D) to expand internationally
- E) to diversify products

31) Diversified Industries decides to use the expertise it has from its canned-pet-food division and its health-food division to enter the fast-growing market for fresh, natural pet foods. This is an example of

- A) diversification.
- B) benchmarking.
- C) a merger.
- D) domain selection.
- E) an acquisition.

32) Which of the following is said to occur when two or more firms combine?

- A) an acquisition
- B) a takeover
- C) a merger
- D) diversification
- E) downsizing

- 33) Which of the following is the best description of organizational culture?
- A) conditions that prevent new companies from entering an industry
 - B) the network that obtains raw materials, transforms them into products, and distributes them to customers
 - C) the process of searching out information that is unavailable to most people and sorting through it to interpret what is important and what is not
 - D) the process of comparing an organization's practices and technologies with those of other companies
 - E) a system of shared values about what is important and beliefs about how the world works
- 34) Which of the following would be a sign of a weak organizational culture?
- A) Everyone knows the organization's goals.
 - B) Everyone understands how things are done.
 - C) Everyone believes in the company's mission.
 - D) Everyone uses a rulebook to decide what to do.
 - E) Everyone helps new employees fit in.
- 35) Corporate mission statements, business practices, symbols and ceremonies, and the stories people tell can all give clues to
- A) organizational climate.
 - B) organizational culture.
 - C) competitive environment.
 - D) external environment.
 - E) macroenvironment.
- 36) In comparison to organizational culture, organizational climate
- A) is more deeply held.
 - B) is based on values rather than attitudes.
 - C) does not have a discernible pattern.
 - D) can be measured more readily.
 - E) is less easy to manage.
- 37) Organizational climate consists of the patterns of _____ that shape people's experience of an organization.
- A) attitudes and behavior
 - B) demographic characteristics
 - C) deeply held beliefs and values
 - D) inputs and outputs
 - E) buffering and smoothing
- 38) Organizations are _____ systems, which means that they are affected by and in turn affect their external environments.
- A) input
 - B) output
 - C) open
 - D) closed
 - E) social

39) Haru, a new manager at an electronics company, has been asked to focus on the competitive environment of the organization. Which of the following is a factor Haru should focus on?

- A) government regulation
- B) economic performance
- C) demographics
- D) rivals
- E) technology

40) The immediate environment surrounding a firm is known as its

- A) macroenvironment.
- B) demographic environment.
- C) competitive environment.
- D) internal environment.
- E) economic environment.

41) _____ lead to new products, advanced production facilities, and better ways of managing and communicating.

- A) Demographic shifts
- B) Societal preferences
- C) Political changes
- D) Technological advances
- E) Economic turbulences

42) Advances in 3-D printing have made it easier and faster for manufacturers to create prototypes of new parts. These advances are an example of changes in the _____ environment.

- A) technological
- B) economic
- C) political
- D) demographic
- E) biophysical

43) Using bribery as a business tactic may result in fines for U.S. firms. Which of the following types of environmental forces at work does this reflect?

- A) competitive
- B) economic
- C) legal
- D) technological
- E) demographic

44) _____ are specific government organizations in a firm's more immediate task environment.

- A) Open systems
- B) Regulators
- C) Prospectors
- D) Stakeholders
- E) Defenders

45) _____ are measures of various characteristics of the people who make up groups or other social units.

- A) Psychographics
- B) Demographics
- C) Domain selections
- D) Lifestyle analytics
- E) Group dynamics

46) The recent legalization of same-sex marriage has major implications for how companies manage their labor force. For example, companies must now make sure their benefit packages include all types of family structures. This is an example of how _____ trends affect businesses.

- A) psychological
- B) political
- C) economic
- D) technological
- E) societal

47) Which of the following is an element of Michael Porter's model for analyzing the competitive environment of an organization?

- A) substitutes
- B) cost strategy
- C) societal trends
- D) regulatory forces
- E) demographics

48) A firm's current competition, suppliers, customers, and the threat of new entrants or of substitutes are all elements in the

- A) task environment.
- B) Peter's model for organizational excellence.
- C) microenvironment.
- D) Porter's model for competitive environment.
- E) supply chain management.

49) Venus was a low-cost airline that operated in the 1990s. Industry analysts state that although Venus was able to provide all the services the customers wanted, it was thrown out of business because of aggressive pricing from larger airline firms. Which of the following aspects of the competitive environment does this scenario illustrate?

- A) customers
- B) rivals
- C) regulators
- D) the economy
- E) social trends

50) Conditions that may prevent new firms from entering an industry are referred to as
A) barriers to entry.
B) strategic maneuvers.
C) unfair trade practices.
D) industry regulators.
E) entry inhibitors.

51) Hospitals and universities are very expensive to run, not only due to the capital equipment that is required for each but also due to the personnel, such as specialized medical doctors and researchers. The cost of these types of institutions is an example of
A) a barrier to entry.
B) environmental uncertainty.
C) unfair competition.
D) high switching costs.
E) strategic maneuvering.

52) A(n) _____ is a potential threat; customers use it as an alternative, buying less of one kind of product but more of another.
A) new entrant
B) substitute
C) ensemble
D) divestiture
E) complement

53) If many factors prevent new companies from entering an industry, the
A) threat of new entrants is more serious.
B) threat of competitive rivalry is high.
C) threat to established firms is less serious.
D) new companies can easily compete with the established ones.
E) industry is said to have just a few barriers to entry.

54) Which of the following is an example of a potential substitute product?
A) salsa for ketchup
B) ink cartridges for printers
C) socks for shoes
D) iTunes for iPods
E) furniture for apartments

55) Organizations must acquire a variety of resources in order to produce a product or service of value. These resources may include materials, equipment, financing, or even employees. The sources that provide these various resources are referred to as
A) shareholders.
B) regulators.
C) retailers.
D) suppliers.
E) prospectors.

56) _____ costs are fixed costs buyers face if they change suppliers.

- A) Changing
- B) Switching
- C) Renewable
- D) Exchange
- E) Sunk

57) Loyalty Management Consulting uses the services of QuickBite, which runs the employee cafeteria in the building and also caters business meetings at a discounted rate because of the volume of business it does with Loyalty. The other available cafeteria services do not provide catering. In this case, if Loyalty decides to terminate QuickBite's contract and shift to some other service, it is likely to create

- A) high employment costs.
- B) redemption costs.
- C) favorable quality status.
- D) complementary products.
- E) high switching costs.

58) _____ refers to management of the network of facilities and people that obtain materials from the outside, transform them into products, and distribute the products to customers.

- A) Inventory management
- B) Strategic maneuvering
- C) Human resource management
- D) Customer service
- E) Supply chain management

59) A customer who purchases raw materials or wholesale products before selling them to other parties is known as a(n)

- A) final purchaser.
- B) intermediate consumer.
- C) final customer.
- D) first-tier supplier.
- E) preliminary customer.

60) The main difference between a final consumer and an intermediate consumer is that

- A) the intermediate consumer purchases finished products, whereas the final consumer buys only raw materials.
- B) intermediate consumers buy raw materials and sell finished products to final consumers, who use them.
- C) final consumers make more purchases than the intermediate consumers.
- D) unlike final consumers, intermediate consumers provide monetary benefits to organizations by purchasing their products.
- E) final consumers tend to have more bargaining power than intermediate consumers.

61) Giving consumers what they want or need, the way they want it, the first time is known as
A) planned merchandise.
B) planned obsolescence.
C) customer service.
D) cause marketing.
E) operations management.

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

63) The managers at Green Thumb Gardening Tools engage in an annual organizational assessment, trying to predict industry changes as well as possible opportunities and threats. They look at issues, such as who their competitors are, current entry barriers, and what substitutes exist for their products. This assessment is called
A) scenario development.
B) forecasting.
C) benchmarking.
D) environmental scanning.
E) strategic maneuvering.

64) An outcome of environmental scanning is _____, which is the information necessary to decide how best to manage in a given competitive environment.
A) corporate governance
B) strategic vision
C) competitive intelligence
D) corporate espionage
E) competitive dissertation

65) Nargis writes a narrative that describes what she thinks will happen to her child-care business if the trend of flexible hours for corporate employees continues to grow. This narrative is an example of
A) benchmarking.
B) a scenario.
C) strategic maneuvering.
D) a divestiture.
E) strategic vision.

66) _____ create alternative combinations of different factors into a total picture of the environment and a firm.

- A) Scenarios
- B) Forecasts
- C) Benchmarks
- D) Competitive intelligences
- E) Strategic maneuvers

67) Which of the following combinations can result in a best-case scenario?

- A) many competitors, high threat with and few entry barriers, and few customers
- B) many competitors, high threat with and few entry barriers, and many customers
- C) few entry barriers, many substitutes, and many customers
- D) high industry growth, low threat with and many entry barriers, and customers with low bargaining power
- E) low industry growth, high threat with and few entry barriers, and suppliers with low bargaining power

68) The method for predicting how variables will change in the future is known as

- A) budgeting.
- B) buffering.
- C) forecasting.
- D) benchmarking.
- E) scanning.

69) Which of the following is true about using forecasts?

- A) Multiple forecasts are best, and their predictions can be averaged.
- B) Forecasts become more accurate when predicting further into the future.
- C) Forecasts are useless when the future will look radically different from the past.
- D) The more complex the forecast, the more accurate are the predictions.
- E) The accuracy of forecasts does not vary from one application to another.

70) Mila, who works as a manager for a manufacturing company, investigates what computer programs her company's five biggest rivals use for placing and tracking customer orders. She then compares the features of those programs with the program her company uses. What process has Mila used?

- A) scenario planning
- B) forecasting
- C) benchmarking
- D) environmental scanning
- E) strategic maneuvering

71) To improve customer service in its overseas call center, Bell Software decided to investigate the call center practices of competing companies. The team discovered that a smaller company, Bumblebee Software Inc., seemed to have outstanding customer service. The team then determined differences between the organizations and developed a plan to incorporate the best elements of Bumblebee into Bell. This illustrates

- A) environmental dynamism.
- B) benchmarking.
- C) strategic maneuvering.
- D) cooperative action.
- E) forecasting.

72) Domain selection, diversification, mergers/acquisitions, and divestiture are all examples of

- A) illegal boundary management.
- B) maneuvering the competition.
- C) strategic maneuvering.
- D) independent strategies.
- E) portfolio maneuvering.

73) _____ occurs when a firm invests in different types of businesses or products or when it expands geographically to reduce its dependence on a single market or technology.

- A) Domain selection
- B) Diversification
- C) Acquisition
- D) Divestiture
- E) Empowerment

74) The entrance by a company into another market or industry for which it has an existing expertise is called

- A) benchmarking.
- B) strategic positioning.
- C) outsourcing.
- D) domain selection.
- E) cooptation.

75) One firm buying another is called a(n)

- A) merger.
- B) acquisition.
- C) divestiture.
- D) prospective.
- E) defender.

76) Complete Office Products recently announced that it was selling off its office furniture division in order to realign itself more competitively in the marketing of its other products, particularly those in its office supplies and technology divisions. Which of the following strategic maneuvers is illustrated in this scenario?

- A) diversification
- B) an acquisition
- C) a merger
- D) divestiture
- E) domain selection

77) Two general types of proactive strategies for influencing an organization's environment are

- A) dependent strategies and independent strategies.
- B) independent action and cooperative action.
- C) cooperative strategies and strategic maneuvering.
- D) strategic maneuvering and dependent strategies.
- E) independent action and strategic maneuvering.

78) _____ strategies are used by an organization acting on its own to change some aspect of its current environment.

- A) Flexible
- B) Buffering
- C) Independent
- D) Smoothing
- E) Cooperative

79) Titan and Spencer-Fields are the two leading online booksellers. Recently, Titan engaged in an online price war with Spencer-Fields in order to gain greater market share. This is an example of _____ on the part of Titan.

- A) cooptation
- B) voluntary action
- C) competitive pacification
- D) competitive aggression
- E) environmental scanning

80) Aunt Lucy's Style is a company that sells different types of costume jewelry. When Aunt Lucy's Style spends its own money to promote the costume jewelry industry as a whole, the company is practicing

- A) competitive aggression.
- B) competitive pacification.
- C) public relations.
- D) voluntary cooptation.
- E) comparative action.

81) When a brand advertises its products as being superior to that of its competitors, it is demonstrating

- A) competitive aggression.
- B) competitive pacification.
- C) benchmarking.
- D) political action.
- E) cooptation.

82) When two or more companies work together to manage their external environment, they are using

- A) monopolistic strategies.
- B) strategic maneuvering.
- C) cooperative strategies.
- D) dependent strategies.
- E) competitive strategies.

83) Quartermaine University has just formed a board of trustees and invited 25 of its wealthiest alumni to join. In this example, Quartermaine University is demonstrating

- A) contraction.
- B) cooptation.
- C) coalition.
- D) political action.
- E) voluntary action.

84) Wellspring Health and United Coverage are two health insurance companies that have joined forces with one another to lobby against a new regulation that will affect their ability to deny claims. This action is referred to as

- A) contraction.
- B) coalition.
- C) cooptation.
- D) domain selection.
- E) benchmarking.

85) The process of sharing power with employees is called

- A) empowerment.
- B) downgrading.
- C) benchmarking.
- D) vertical synergy.
- E) power building.

86) Fatima recently got promoted to a managerial role in a bureaucratic organization. The industry was changing dramatically, and Fatima suggested that the management team encourage employees to develop confidence by giving them some control and authority in order to create a more flexible, adaptable organization. Here, Fatima is suggesting the use of _____ with employees.

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

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

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

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

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

89) Leveling normal fluctuations at the boundaries of the environment is called

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

90) Methods for adapting the technical core to changes in the environment are known as

- A) flexible processes.
- B) smoothing effects.
- C) buffering techniques.
- D) benchmarking tools.
- E) environmental scanners.

91) NBIC (National Bicycle Industrial Company) of Japan specializes in mass customization to cater to the changing demands of its customers. Customers can choose the frame and other parts of the bicycle and it is made according to their order. This is one example of how NBIC uses

- A) cooptation.
- B) flexible processes.
- C) smoothing techniques.
- D) benchmarking.
- E) diversification.

92) Paul runs a large, publicly owned automotive supply company called KarParts Inc. His stockholders have demanded to know why KarParts Inc.'s earnings expectations were not fulfilled in the previous year, and they demand to know how Paul is prepared to improve earnings for the current year. Paul suspects the problem is that the company is experiencing environmental uncertainty. In that case, which of the following would be most helpful for Paul to consider?

- A) the different ways his rivals in the industry are competing with him
- B) the value of engaging in unlawful or unethical behavior
- C) the demographics of his target customers
- D) the extent to which his employees understand the organizational culture
- E) the effect that his company is having on the natural environment

93) The set of important assumptions about an organization and its goals and practices that members of the company share is called organization

- A) culture.
- B) design.
- C) climate.
- D) layout.
- E) structure.

94) Little Learners is a company that designs and manufactures fun and educational toys. The company makes it a point to stress to its employees that innovation is its core strength. The employees even get an hour a day to brainstorm and come up with out-of-the-box ideas. This highlights the _____ of the company.

- A) cooperative strategies
- B) external environment
- C) organization culture
- D) competitive pacification
- E) domain selection

95) Paolo has been offered jobs at two different retail companies and needs to decide which one to accept. Which of the following can be a useful clue about each organization's culture?

- A) the way employees interact with customers
- B) information printed in the media about stock prices
- C) the macroenvironment
- D) the personality characteristics of employees
- E) the industrial environment

96) Tansal is a new marketing manager for JustBooks, a small bookstore chain in the Midwest. He has been told by the human resources department that management thinks he is having difficulty assimilating into the organization culture of the company. To improve his situation, Tansal should consider whether

- A) the organization culture is too weak for a strong personality like him.
- B) he should spend more time socializing with the top managers.
- C) his educational qualifications are too high for the position he is doing.
- D) his dress, behavior, and interactions fit in with those of his colleagues.
- E) he needs to increase the success rate of his marketing campaigns.

97) Which of the following statements about organizational culture is true?

- A) Corporate mission statements are always a true expression of a firm's culture.
- B) Who is hired and fired and why indicate the firm's real values and are a clue to the culture.
- C) A firm with a strong culture will have different people holding different values.
- D) A culture that was advantageous in a prior era continues to be so in a new environment.
- E) It is not necessary to consider culture when considering a merger.

98) A company uses independent strategies when it acts on its own to change some aspect of its

- A) environment.
- B) competition.
- C) corporate organization.
- D) corporate strategies.
- E) employment policies.

99) In some situations, two or more organizations work together using _____ to influence the environment.

- A) independent strategies
- B) competitive aggression
- C) cooperative strategies
- D) competitive pacification
- E) public relations

100) The attitude and behavior patterns that shape people's experience of an organization is called an organizational

- A) culture.
- B) climate.
- C) environment.
- D) strategy.
- E) adhocracy.

101) Kate, the manager of Halpern Tooling Company, wants to create a stronger, more positive culture at the company. How might Kate promote and encourage a stronger culture?

- A) Create a spreadsheet showing that employees are better paid than at other companies.
- B) Treat employees to a lunch/presentation that showcases the firm's goals and priorities.
- C) Analyze the macroenvironment of the company and that of its competitors.
- D) Analyze the competitive environment and competitive intelligence of the company.
- E) Suggest that supervisors review the company handbook with their departments.

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

1. Marla has recently purchased more inventory than in the past. The people from whom she buys are selling off more knickknacks because their children are not interested in this type of decorative items and they would prefer to liquidate unnecessary household items to help them with their daily expenses.
2. Marla discovered that her business is in a historical preservation district. As she considers remodeling the shop, she realized that she must pay attention to the guidelines set forth in the governing laws.
3. Marla's buyer-customer base seems to be changing. The tastes of the younger generation near her shop are shifting to modern decor, so the customer base to which she sells is shrinking.
4. Marla has been told that she should consider selling her inventory via the Internet, but she does not own (or understand how to use) a computer.
5. In reading a survey of regional business, Marla discovered that there are no other antique knickknack stores within 200 miles.

102) In Scenario A, which of the following elements of the macroenvironment was part of Marla's findings?

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

103) When Marla read the survey of regional businesses, she was investigating

- A) the competitive environment.
- B) the macroenvironment.
- C) a closed environment.
- D) the internal environment.
- E) the social environment.

104) Findings about changing customer preferences and others who sell antique knickknacks are associated with the

- A) competitive environment as described by Porter.
- B) macroenvironmental economic trends.
- C) macroenvironmental political trends.
- D) amount of rivalry in Marla's internal environment.
- E) barriers to entry in Marla's competitive environment.

105) Which of the following elements of the macroenvironment is most closely associated with the findings about the historical preservation district?

- A) laws and regulations
- B) the economy
- C) demographics
- D) technology
- E) the natural environment

Scenario B. Paul and his wife are investigating the possibility of starting a new restaurant in Beaufort, a small town in the South Carolina low country. It has been Paul's lifelong dream. Paul has won a lottery and is trying to decide if this is what he wants to do with the prize money. He decides to do an analysis of the competitive environment. After his analysis, he discovers several important issues. First, it will cost most of Paul's lottery winnings to finance a restaurant in Beaufort. Second, it will be difficult to attract new customers because they have so many eating choices available to them in Beaufort and the surrounding towns. Finally, the competition in the restaurant industry is considered fierce by industry analysts and this is frightening to someone, like Paul, who has never worked in that industry.

106) Which of the following factors would Paul have considered while analyzing the competitive environment?

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

107) The information that Paul has collected in his competitive analysis can be referred to as

- A) corporate espionage.
- B) competitive intelligence.
- C) domain selection.
- D) strategic vision.
- E) mission statement.

108) From Scenario B, based on Paul's analysis of the competitive environment, it can be inferred that

- A) the customers will face switching costs.
- B) there are no competitors.
- C) there are many substitutes.
- D) there are no barriers to entry.
- E) the threat of new entrants is high.

109) Which of the following factors is indicated by the fact that it will require a large capital investment to start a new restaurant?

- A) high bargaining power of customers
- B) low threat of new entrants
- C) high threat of new entrants
- D) many substitute products
- E) low bargaining power of customers

Scenario C. Parker Brothers is a high-end furniture manufacturer located in the Midwest. Mr. Herbert "Bud" Parker started the firm as a young man in the 1960s. The firm has grown, but with growth, it has never forgotten the vision of Mr. Parker: to be creative in all that the firm does while rewarding employees who show innovation and entrepreneurial leadership. Each year the Budding Genius Award is given to the employee who comes up with the best design or marketing idea. New employees are told of the organization's history of product innovation and are taken on a tour of the "Wall of Parker Legends," where pictures of outstanding employees are hung with descriptions of their accomplishments. Managers at the firm encourage their team members to take risks in proposing new ideas. The company prides itself on its product leadership.

110) The stories about the "Parker Legends" and the organization's most innovative designs are all clues to understanding the

- A) organization culture.
- B) company's macroenvironment.
- C) organization's competitive environment.
- D) collective competitive intelligence.
- E) organizational structure.

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

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

112) Based on the information in Scenario C, which of the following is likely to be the dominant attribute of Parker Brothers?

- A) rules and regulations
- B) creativity
- C) competitiveness
- D) control
- E) collaboration

Scenario D. Jimena works for a small company that makes nut butters from ingredients like cashews and macadamia nuts, and jams from mixtures of tropical fruits. She reports to the CFO. It is her job to predict the costs of raw materials for the next five years. She uses various research sources, including the news, to learn who the competitors are and what they have been doing. In fact, she subscribes to an analyst e-newsletter that tells her about crop availability and weather conditions all around the globe. Every month she develops a spreadsheet for her boss indicating the likely costs of fruits and nuts given the type of weather conditions expected in each area of the world and thus the availability of particular crops. She is also involved in a team that is investigating how to cut production costs. They have recently met with Spicy Sides, a company that produces jars of condiments. Spicy Sides is considered the top company in the condiment industry, especially in its knowledge of how to pack food products in jars. Jimena's team is comparing their processes to those of Spicy Sides to see how they might improve.

113) When predicting the costs for her company, Jimena is engaging in

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

114) The information Jimena is using to compete in a better way is called

- A) mission statement.
- B) competitive intelligence.
- C) best-case scenario.
- D) organizational database.
- E) knowledge document.

115) The spreadsheet that Jimena uses gives her a chance to examine different projections, which is a form of

- A) divestiture.
- B) strategic maneuvering.
- C) domain selection.
- D) benchmarking.
- E) scenario development.

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

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

117) List the elements of a firm's macroenvironment and illustrate how each affects the firm.

118) Give an example of a current societal trend and how it might affect a specific business. Explain the impact by using specific details.

- 119) Explain how technology can help an organization.
- 120) Discuss how immigration patterns influence the management of the U.S. labor force.
- 121) Explain how sustainability and natural environment affect the management of an organization.
- 122) Identify the different types of competitors that organizations must consider when analyzing their competitive environment.
- 123) List actions and attitudes that result in excellent customer service.
- 124) As environmental uncertainties increase, managers must develop techniques and methods for collecting, sorting through, and interpreting information about the environment. Discuss four of these methods, explaining when and why each would be used.
- 125) Differentiate between unattractive and attractive competitive environments, using Porter's model of the competitive environment.
- 126) Summarize the different approaches of strategic maneuvering that organizations can take to change the environment they are in.
- 127) Explain two general types of proactive responses that managers and organizations can take to change the environment.
- 128) Contrast bureaucratic and organic organizations.
- 129) Explain the different characteristics of strong corporate cultures and weak corporate cultures.
- 130) What are the clues to understanding an organization's culture? List the characteristics of a strong culture.
- 131) Describe the culture of an organization that you have either worked in or studied about. Evaluate whether it was a strong or weak culture, and justify your answer with reasons.