

Chapter 2--Understanding the External and Organizational Environments

Student: _____

1. The specific elements of the external environment include all EXCEPT:

- A. economic conditions
- B. labor markets
- C. country cultures
- D. human resources
- E. the political landscape

2. The term "open market" refers to the:

- A. large number of jobs available to recent college graduates
- B. ability of the average company to differentiate itself from its competitors
- C. openness of the U.S. to foreign competition
- D. ease with which a recent college graduate can get a job
- E. ability of companies to merge with and acquire their competition

3. Reliable Packaging, which has competed on cost for several years, has found itself losing market share because of the cost-cutting initiatives from its competitors. In order to survive, Reliable Packaging should consider:

- A. replacing its top management team
- B. firing employees
- C. changing its technology
- D. changing the location of its firm
- E. diversifying into industries where cost pressures are less severe

4. The North American Free Trade Act (NAFTA):

- A. went into effect during the 19th century
- B. has only two participants-the United States and Canada
- C. resulted in the establishment of maquiladoras along the US-Mexico border
- D. removed all tariffs from non-technical products
- E. has led to little change in the U.S. manufacturing sector

5. Which of the following statements about the North American Free Trade Act (NAFTA) is true?
- A. NAFTA has had minimal impact on how U.S. manufacturers do business.
 - B. NAFTA is an agreement signed by the U.S., Canada, and Mexico.
 - C. In order to be a member of NAFTA, Mexico had to agree to join no other international trade alliances.
 - D. NAFTA has removed all tariffs from non-technical products that were sold among the companies who signed the agreement.
 - E. All of the above statements about NAFTA are true.

6. "Maquiladoras" have had the following effect on Mexico and the United States:
- A. Low wage jobs in the U.S. have all gone there
 - B. Population growth along the U.S.-Mexico border was higher in the U.S. border towns
 - C. Unemployment levels went down in the U.S. border towns
 - D. Wages increased on both sides of the U.S.-Mexico border
 - E. Both countries would be better off if the work had moved to the Far East

7. Which of the following statements about the European Union (EU) is true?
- A. The countries that belong to the EU have similar political environments.
 - B. The countries that belong to the EU have very similar cultures.
 - C. EU participating countries make up the largest economic zone in the world.
 - D. The countries that belong to the EU have nearly identical unemployment rates.
 - E. Government spending and individual savings rates in the countries that belong to the EU are likely to become even more uniform than they are currently.

8. The International Labor Organization, Social Accountability International and the World Trade Organization are examples of _____.
- A. agencies of the United Nations
 - B. nongovernmental organizations
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9. _____ is intended to provide a forum for members to conduct trade negotiations and settle trade disputes, as well as the only global entity able to enforce decisions in its own court.
- A. OPEC
 - B. International Labor Organization (ILO)
 - C. World Trade Organization (WTO)
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10. During the _____ stage of the solar-powered automobile industry's life cycle, survival was a manufacturing company's biggest concern.
- A. innovation
 - B. nascent
 - C. growth
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11. During the nascent stage of an industry's life cycle, a company in that industry:
- A. enjoys a period of rapid growth
 - B. will look to international markets as a way to implement its growth strategy
 - C. has problems acquiring and retaining talent
 - D. must cope with the high-risk involved in its day-to-day operation
 - E. strives to be increasingly more efficient while improving the quality of its product
12. The internet auction business is in the growth stage of its industry cycle. This means that:
- A. the primary concern for companies in this industry is survival
 - B. companies in this industry are undergoing a rapid growth
 - C. there are only a few large firms left in this industry
 - D. the companies in this industry are concentrating on increasing their efficiency without sacrificing their product quality
 - E. businesses in this industry are using the same human resource strategy that they adopted when the industry was newly founded
13. The U.S. automobile industry has evolved into the _____ stage of its industry life cycle. There are three major companies in the industry. All are striving to become more efficient and to improve the quality of the automobiles it produces.
- A. mature
 - B. evolved
 - C. growth
 - D. decline
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14. There are four large companies that dominate the U.S. cereal industry. These companies are in the mature stage of the industry life cycle. These companies in the cereal industry:
- A. are constantly trying to diversify into new products that are not breakfast cereals
 - B. are experiencing rapid growth
 - C. have an organizational culture that is built around the strategy of survival
 - D. are more concerned with creating brand loyalty than market development
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15. Computer games have overtaken traditional board games, making them obsolete. It appears that the board game industry is in its _____ stage. However, renewed interest in board games may resurrect the industry.
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16. Kaolin is a fine white clay used in making paper, paint, ceramics, and fiberglass. Two kaolin producers, Imetal SA and English Clay China International Inc., each produce about 8 million tons of kaolin a year. In 2008 these two firms were joined together in a(n):
- A. merger
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- A. The two companies manufactured auto parts that were not interchangeable
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18. What is the major reason why the objectives that drive mergers and acquisitions are seldom, if ever, completely fulfilled?
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19. Anticipated changes in the U.S. labor in the next 20 years include:
- A. slowed growth
 - B. a decrease in skills availability
 - C. greater competition for employees
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20. Which of the following statements BEST describes the global labor market?

- A. There is no shortage of potential employees in the global labor market.
- B. Most U.S. companies find that there is no better work force anywhere in the world than they can find at home.
- C. The global work force is not as well educated as the U.S. workforce.
- D. Employers find few, if any, college educated students in developing countries.
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21. The forces pressuring U.S. companies to globalize have affected all of the following human resources areas EXCEPT:

- A. computer technology
- B. work design
- C. management styles
- D. staffing
- E. compensation

22. Which of the following events is likely to challenge a company's ability to manage diversity?

- A. A U.S. company decides to set up manufacturing facilities in Mexico.
- B. A company with a decidedly participative style of management merges with one that has an autocratic leader.
- C. A company in Buffalo, NY hires 40 computer technicians from Quebec, Canada.
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24. The forces pressuring U.S. companies to globalize have many implications for managing human resources. The human resources areas affected include:

- A. accounting
- B. sales presentations
- C. evaluating employees
- D. gathering competitive data
- E. monitoring the economic and social environments

25. Geert Hofstede's research shows that different societies encourage and reward different behaviors. According to the Dimensions for Comparing National Cultures (Exhibit 2.17) which of the following countries most values a performance orientation (performance improvements and excellence, acceptance of feedback)?

- A. Russia
- B. Argentina
- C. Singapore
- D. Denmark
- E. Kuwait

26. Which of the following statements about the age of factories and mass production technologies is true?

- A. At the turn of the 20th century, people were eager to move to the city and work in factories.
- B. Job satisfaction was so great during this period that income was not a great motivator.
- C. Employees arrived at their factory jobs with most of the skills they needed to operate the machines.
- D. Factories were the first types of organizations that required human resource management.
- E. None of the above statements about the age of factories and mass production technologies is true.

27. Which of the following statements about the use of computers at the New Balance athletic shoe factory in Maine is true?

- A. Skilled employees are using sophisticated computer technology to produce shoes faster than most overseas competitors are producing shoes using low-tech workers.
- B. Production rates are expected to decrease unless New Balance can find enough domestic workers
- C. Originally, New Balance used computer technology purely for record keeping.
- D. It is easy to predict how computer technology will impact New Balance employees.
- E. New Balance will never be able to use expert computer systems because the shoe industry is so labor intensive and low tech.

28. What was central to implementing Yellow Freight's customer-focused strategy?

- A. a merger with another firm
- B. sophisticated technologies
- C. the decision to globalize
- D. a change in the economy
- E. none of the above

29. Certain businesses are much more adept at taking full advantage of computer technology. Which of the following businesses would you expect to be the most adept at using computer technology?

- A. day-care center
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- C. janitorial service
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- A. autonomous technology
- B. a strategic alliance
- C. an interconnected network
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- B. Allow employees and managers to enter performance data, display and analyze it for trends over time, and use the data as input for both the employee's personal development plan and the organization's longer-term workforce and succession planning.
- C. Make it easy to communicate a company's values and strategy to all employees, regardless of their location.
- D. Make it easy for firms to design and implement HR policies and practices that are common across different cultures.
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33. Human resource information management (HRIM) systems:

- A. are used to gather, analyze, and distribute information about the people in an organization
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- B. Mission, values, vision
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- A. corporate strategy
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36. The organizational environment refers to conditions within the organization itself.

True False

37. Components of the external environment are highly interdependent, while components of the internal environment are highly independent.

True False

38. Globalization is always results in improvements for all workers.

True False

39. Following passage of the North American Free Trade Act (NAFTA), the average wages rose in towns on both sides of the Mexico-U.S. border.

True False

40. For internal political and security reasons, European Union policies provide employees in its member countries with considerably less personal privacy protection; compared to regulations imposed on U.S. companies.

True False

41. During the nascent stage of an industry's life cycle, firms are competing to establish a distinctive reputation and to create customer loyalty.

True False

42. As an industry enters its decline stage, many companies expand into international markets.

True False

43. Most mergers and acquisitions result in achieving financial goals for the organizations.

True False

44. In recent years, foreign-born workers have constituted nearly half of the net labor force increase in the United States.

True False

45. While the labor forces in Europe and Japan will continue to expand, labor forces will continue to decline in Africa, Latin America, North America, and Asia.

True False

46. The lack of skilled labor in the domestic market has led many U.S. companies to look elsewhere for their employees.

True False

47. U.S. employers make much more use of incentive pay compared to employers in many European countries.

True False

48. Human resource information management systems (HRIM) are used to gather, analyze, and distribute information about the people in an organization.

True False

49. An organization's mission statement is more specific than its business strategy and is less specific than its strategic vision.

True False

50. A competitive strategy is how a business unit competes for resources within its own company

True False

51. What has been the obvious effect of deregulation and open markets on U.S. business?

52. List the four stages of the industry life cycle.

53. Why do U.S. companies actively recruit and hire so many foreign employees?

54. What is the commonly accepted definition of technology?

55. What is a human resource information management system?

56. What are maquiladoras? What impact have they had on the economic landscape?

57. Discuss the virtual workforce.

58. What are the drawbacks to adopting virtual workforce arrangements?

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50. A competitive strategy is how a business unit competes for resources within its own company

FALSE

51. What has been the obvious effect of deregulation and open markets on U.S. business?

Intense competition; making it more difficult to grow and prosper

52. List the four stages of the industry life cycle.

Nascent, growth, maturity, decline

53. Why do U.S. companies actively recruit and hire so many foreign employees?

There is a lack of skilled labor in the U.S.

54. What is the commonly accepted definition of technology?

The process of making and using tools and equipment plus the knowledge used in this process

55. What is a human resource information management system?

When computer technologies are used to gather, analyze, and distribute information about job applicants and employees, the resulting system is referred to as a human resource information management (HRIM) system (also referred to as HRIS, for human resource information system).

56. What are maquiladoras? What impact have they had on the economic landscape?

Maquiladoras are U.S.-owned manufacturing plants on the Mexican side of the U.S.-Mexico border. This has moved low-skill, low-wage jobs from the U.S. to Mexico. They have increased unemployment levels in the U.S. border towns and have caused average wages on both sides of the border to rise.

57. Discuss the virtual workforce.

The virtual workforce questions the concept that people who work together need to be together. In order to use the ideas and skills of a geographically dispersed workforce, companies are using electronically connected teams that will work together for as long as needed. Computer technology has made this virtual workforce a reality.

58. What are the drawbacks to adopting virtual workforce arrangements?

Employees working under such arrangements may feel isolated and detached from their employer. If their actions are closely monitored electronically, their morale may suffer. If they have not been properly trained in the use of IT, their insensitive electronic interactions with others may create misunderstandings or resentment among coworkers or even clients.