

**Test Bank for Management Fundamentals Concepts Applications and Skill Development 7th Edition Lussier 1506303277 9781506303277**

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**Chapter 02: The Environment: Culture, Ethics, and Social Responsibility**  
**Test Bank**

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**MULTIPLE CHOICE**

1. The \_\_\_\_\_ include(s) the factors that affect the organization's performance from within its boundaries.
  - a. internal environment
  - b. external environment
  - c. organizational culture
  - d. external factors

ANS: A                      PTS: 1                      DIF: Easy                      REF: The Internal Environment  
OBJ: 2-1. Explain the five internal environmental factors.  
NAT: AACSB standard: Analytical Thinking                      CD: Knowledge

2. The five components of the internal environment include management and culture, mission, system processes, structure, and \_\_\_\_\_.
  - a. resources
  - b. value
  - c. quality
  - d. competition

ANS: A                      PTS: 1                      DIF: Medium                      REF: The Internal Environment  
OBJ: 2-2. Describe the three levels of organizational culture and their relationship to each other.  
NAT: AACSB standard: Analytical Thinking                      CD: Comprehension

3. Kim interviewed prospective new employees for ten new jobs in her company. Which internal environmental factor was Kim utilizing?
  - a. Management and culture
  - b. Mission
  - c. Resources
  - d. Systems process

ANS: C                      PTS: 1                      DIF: Medium                      REF: The Internal Environment  
OBJ: 2-1. Explain the five internal environmental factors.

NAT: AACSB standard: Analytical Thinking

CD: Analysis

4. What does one call the organization's purpose or reason for being?
- Culture
  - Mission
  - Environment
  - Stakeholders

ANS: B                      PTS: 1                      DIF: Easy                      REF: Mission

OBJ: 2-1. Explain the five internal environmental factors.

NAT: AACSB standard: Analytical Thinking

CD: Comprehension

5. \_\_\_\_\_ are people whose interests are affected by organizational behavior.
- Managers
  - Employees
  - Stakeholders
  - Customers

ANS: C                      PTS: 1                      DIF: Easy                      REF: Mission

OBJ: 2-1. Explain the five internal environmental factors.

NAT: AACSB standard: Analytical Thinking

CD: Knowledge

6. Which of the following answers the question, "Who we are as an organization?"
- Organizational culture
  - Mission statement
  - Internal environment
  - Organizational structure

ANS: B                      PTS: 1                      DIF: Easy                      REF: Mission

OBJ: 2-1. Explain the five internal environmental factors.

NAT: AACSB standard: Analytical Thinking

CD: Comprehension

7. Kevin has recently graduated from college and is applying for a new job. What might Kevin look at if he wants to find out more information about the company?
- Mission statement
  - Organization structure
  - Management team
  - Stakeholders in the company

ANS: A                      PTS: 1                      DIF: Hard                      REF: Mission

OBJ: 2-1. Explain the five internal environmental factors.

NAT: AACSB standard: Analytical Thinking

CD: Analysis

8. An example of a company's mission would be which of the following?
- Internet systems and telecommunications
  - We focus on bringing the best customer service to anyone in the world.
  - Customer product orders that are filled and shipped to the customer
  - Have a U.S. headquarters and subsidiaries in other countries

ANS: B                      PTS: 1                      DIF: Easy                      REF: Mission

OBJ: 2-1. Explain the five internal environmental factors.

NAT: AACSB standard: Analytical Thinking

CD: Application

9. Which of the following consists of the values, beliefs, and assumptions about appropriate behavior that members of an organization share?
- Organizational culture
  - Management culture
  - Mission statement
  - Internal environment

ANS: A                      PTS: 1                      DIF: Medium                      REF: Management and Culture  
OBJ: 2-1. Explain the five internal environmental factors.  
NAT: AACSB standard: Analytical Thinking                      CD: Comprehension

10. Robert works for Nordstrom and loves coming to his job. He attributes the love for his job to the values and beliefs that the company shares with its employees. Robert's affinity for his job is most likely due to the company's \_\_\_\_\_
- organizational culture
  - organizational structure
  - mission statement
  - management team

ANS: A                      PTS: 1                      DIF: Hard                      REF: Management and Culture  
OBJ: 2-1. Explain the five internal environmental factors.  
NAT: AACSB standard: Analytical Thinking                      CD: Analysis

11. Peter is starting his own delivery company called "Ding Dong Delivery." He is currently starting the company for his home town and the surrounding area (20-mile radius). Peter currently has \$500,000 in capital, an office space with Internet and telephones, and 10 delivery trucks, but no employees. What resource is Peter missing that is crucial for his business to get running?
- Physical
  - Human
  - Informational
  - Financial

ANS: B                      PTS: 1                      DIF: Medium                      REF: Resources  
OBJ: 2-1. Explain the five internal environmental factors.  
NAT: AACSB standard: Analytical Thinking                      CD: Analysis

12. \_\_\_\_\_ is/are the technology used to transform inputs into outputs.
- Physical resources
  - Management tools
  - System process
  - Human resources

ANS: C                      PTS: 1                      DIF: Easy                      REF: Systems Process  
OBJ: 2-1. Explain the five internal environmental factors.  
NAT: AACSB standard: Analytical Thinking                      CD: Knowledge

13. Which of the following provides a means of control to ensure that the inputs and transformation process are producing the desired results?
- Transformation
  - Outputs
  - Inputs

d. Feedback

ANS: D                      PTS: 1                      DIF: Medium                      REF: Systems Process  
OBJ: 2-1. Explain the five internal environmental factors.  
NAT: AACSB standard: Analytical Thinking                      CD: Knowledge

14. McDonald's transformation of bread and hamburger meat into one of the best-selling products in the world is an example of utilizing which internal environmental factor?
- Management and culture
  - Mission
  - Resources
  - Systems process

ANS: D                      PTS: 1                      DIF: Medium                      REF: Systems Process  
OBJ: 2-1. Explain the five internal environmental factors.  
NAT: AACSB standard: Analytical Thinking                      CD: Analysis

15. Which of the following is not part of the systems process?
- Inputs
  - Outputs
  - Feedback
  - Structure

ANS: D                      PTS: 1                      DIF: Medium                      REF: Systems Process  
OBJ: 2-1. Explain the five internal environmental factors.  
NAT: AACSB standard: Analytical Thinking                      CD: Comprehension

16. Jim is the logistics manager and a large portion of his position requires him to utilize computer-driven data to keep track of orders and inventory. Which part of the systems process is Jim most likely exhibiting?
- Transformation
  - Feedback
  - Inputs
  - Outputs

ANS: B                      PTS: 1                      DIF: Hard                      REF: Systems Process  
OBJ: 2-1. Explain the five internal environmental factors.  
NAT: AACSB standard: Analytical Thinking                      CD: Analysis

17. Hachiro noticed that sales of his bakery's normally best-selling bread decreased after he switched to a different brand of flour. This is an example of a problem at which part of the systems process?
- Transformation
  - Feedback
  - Inputs
  - Outputs

ANS: C                      PTS: 1                      DIF: Medium                      REF: Systems Process  
OBJ: 2-1. Explain the five internal environmental factors.  
NAT: AACSB standard: Analytical Thinking                      CD: Analysis

18. Adilah modified the assembly line at her plant, which produces toy dinosaur figures. By painting the parts before they are assembled, she was able to increase the line's daily production by 5%. This was a change to which part of the systems process?
- Transformation
  - Feedback
  - Inputs
  - Outputs

ANS: A                      PTS: 1                      DIF: Medium                      REF: Systems Process  
OBJ: 2-1. Explain the five internal environmental factors.  
NAT: AACSB standard: Analytical Thinking                      CD: Analysis

19. Products and services offered to customers are \_\_\_\_\_.
- resources
  - physical inputs
  - outputs
  - internal factors

ANS: C                      PTS: 1                      DIF: Easy                      REF: Systems Process  
OBJ: 2-1. Explain the five internal environmental factors.  
NAT: AACSB standard: Analytical Thinking                      CD: Knowledge

20. \_\_\_\_\_ is the process that involves everyone in an organization focusing on the customer to continually improve product value.
- Quality
  - Customer value
  - Systems process
  - Total quality management (TQM)

ANS: D                      PTS: 1                      DIF: Medium                      REF: Systems Process  
OBJ: 2-1. Explain the five internal environmental factors.  
NAT: AACSB standard: Analytical Thinking                      CD: Comprehension

21. The Japanese term for continuous improvement is \_\_\_\_\_.
- Keisatsu
  - Kaizen
  - Kiken
  - Kaishain

ANS: B                      PTS: 1                      DIF: Easy                      REF: Systems Process  
OBJ: 2-1. Explain the five internal environmental factors.  
NAT: AACSB standard: Analytical Thinking                      CD: Knowledge

22. What are the two primary principles of Total Quality Management (TQM)?
- Focusing on delivering customer value and continually improving the system and its processes
  - Focusing on delivering customer value and continually developing new products
  - Focusing on controlling costs and continually improving the system and its processes
  - Focusing on controlling costs and continually developing new products

ANS: A                      PTS: 1                      DIF: Hard                      REF: Systems Process  
OBJ: 2-2. Describe the three levels of organizational culture and their relationship to each other.

NAT: AACSB standard: Analytical Thinking

CD: Knowledge

23. \_\_\_\_\_ is what motivates us to buy products.
- Quality
  - Envy
  - Value
  - Wealth

ANS: C

PTS: 1

DIF: Easy

REF: Systems Process

OBJ: 2-1. Explain the five internal environmental factors.

NAT: AACSB standard: Analytical Thinking

CD: Comprehension

24. \_\_\_\_\_ is the perceived benefit of a product, used by customers to determine whether to buy the product.
- Customer quality
  - Customer wealth
  - Customer value
  - Customer thought process

ANS: C

PTS: 1

DIF: Easy

REF: Systems Process

OBJ: 2-1. Explain the five internal environmental factors.

NAT: AACSB standard: Analytical Thinking

CD: Knowledge

25. \_\_\_\_\_ can be considered founders or others who have made outstanding contribution to their organizations.
- Heroes
  - Slogans
  - Stories
  - CEOs

ANS: A

PTS: 1

DIF: Easy

REF: Learning the Organizational Culture Through Artifacts

OBJ: 2-2. Describe the three levels of organizational culture and their relationship to each other.

NAT: AACSB standard: Analytical Thinking

CD: Knowledge

26. What are the six artifacts of organizational culture?
- Stories, heroes, slogans, rituals, ceremonies, and behavior
  - Symbols, customers, competition, ceremonies, heroes, and stories
  - Stories, value, symbols, ceremonies, money, and heroes
  - Heroes, slogans, rituals, ceremonies, symbols, and stories

ANS: D

PTS: 1

DIF: Hard

REF: Learning the Organizational Culture Through Artifacts

OBJ: 2-2. Describe the three levels of organizational culture and their relationship to each other.

NAT: AACSB standard: Analytical Thinking

CD: Knowledge

27. Keeshawn has hired a local advertising firm to create a new logo for his restaurant using the restaurant name. The new logo will be a \_\_\_\_\_ of the restaurant.
- slogan
  - symbol
  - story
  - ritual

ANS: B                    PTS: 1                    DIF: Hard  
REF: Learning the Organizational Culture Through Artifacts  
OBJ: 2-2. Describe the three levels of organizational culture and their relationship to each other.  
NAT: AACSB standard: Analytical Thinking                    CD: Analysis

28. Employees learn organizational culture primarily through \_\_\_\_\_.
- a. observing people and events
  - b. interacting with their supervisor
  - c. orientation training programs
  - d. listening to customers' comments about the organization

ANS: A                    PTS: 1                    DIF: Medium  
REF: Learning the Organizational Culture Through Artifacts  
OBJ: 2-2. Describe the three levels of organizational culture and their relationship to each other.  
NAT: AACSB standard: Analytical Thinking                    CD: Comprehension

29. Which of the following cultural artifacts is critical to Level 2 culture as a way of expressing organizations' key values?
- a. Heroes
  - b. Rituals
  - c. Slogans
  - d. Stories

ANS: C                    PTS: 1                    DIF: Medium                    REF: Three Levels of Culture  
OBJ: 2-2. Describe the three levels of organizational culture and their relationship to each other.  
NAT: AACSB standard: Analytical Thinking                    CD: Comprehension

30. \_\_\_\_\_ includes the observable things that people do and say or the actions employees take.
- a. Assumption
  - b. Behavior
  - c. Value
  - d. Evaluation

ANS: B                    PTS: 1                    DIF: Easy                    REF: Three Levels of Culture  
OBJ: 2-2. Describe the three levels of organizational culture and their relationship to each other.  
NAT: AACSB standard: Analytical Thinking                    CD: Knowledge

31. The Levels of Culture pyramid are comprised of all of the following, except \_\_\_\_\_.
- a. values and beliefs
  - b. environment
  - c. behavior
  - d. assumptions

ANS: B                    PTS: 1                    DIF: Easy                    REF: Three Levels of Culture  
OBJ: 2-2. Describe the three levels of organizational culture and their relationship to each other.  
NAT: AACSB standard: Analytical Thinking                    CD: Comprehension

32. How many levels are there in the Levels of Organizational Culture?
- a. One
  - b. Two
  - c. Three
  - d. Four

ANS: C                      PTS: 1                      DIF: Easy                      REF: Three Levels of Culture  
OBJ: 2-2. Describe the three levels of organizational culture and their relationship to each other.  
NAT: AACSB standard: Analytical Thinking                      CD: Knowledge

33. \_\_\_\_\_ are values and beliefs that are so deeply ingrained they are considered unquestionably true and taken for granted.
- Laws
  - Imperatives
  - Instincts
  - Assumptions

ANS: D                      PTS: 1                      DIF: Medium                      REF: Three Levels of Culture  
OBJ: 2-2. Describe the three levels of organizational culture and their relationship to each other.  
NAT: AACSB standard: Analytical Thinking                      CD: Knowledge

34. Jan, an employee of a distribution company, never speaks to anyone in her office. From when she arrives to when she leaves, no one around her talks during the work day. Though she has never been told she cannot mingle with her coworkers, Jan feels as though she is not allowed to do so, since no one ever does. Jan made her decision based on the \_\_\_\_\_ of her coworkers.
- values
  - behaviors
  - beliefs
  - assumptions

ANS: B                      PTS: 1                      DIF: Hard                      REF: Three Levels of Culture  
OBJ: 2-2. Describe the three levels of organizational culture and their relationship to each other.  
NAT: AACSB standard: Analytical Thinking                      CD: Application

35. Organizations with many employees who do not behave as expected have \_\_\_\_\_ cultures.
- chaotic
  - strong
  - learning
  - weak

ANS: D                      PTS: 1                      DIF: Easy                      REF: Strong and Weak Cultures  
OBJ: 2-2. Describe the three levels of organizational culture and their relationship to each other.  
NAT: AACSB standard: Analytical Thinking                      CD: Knowledge

36. In a \_\_\_\_\_ culture, the group peer pressures nonconformists to behave as expected.
- strong
  - weak
  - mediocre
  - changing

ANS: A                      PTS: 1                      DIF: Easy                      REF: Strong and Weak Cultures  
OBJ: 2-2. Describe the three levels of organizational culture and their relationship to each other.  
NAT: AACSB standard: Analytical Thinking                      CD: Knowledge

37. Organizations with strong cultures do all of the following, except \_\_\_\_\_.
- have employees who subconsciously know the shared assumptions
  - consciously know the values and beliefs



- c. agree with the shared assumptions, values, and beliefs
- d. avoid stagnation and readily undergo change when needed

ANS: D                      PTS: 1                      DIF: Medium                      REF: Strong and Weak Cultures  
OBJ: 2-2. Describe the three levels of organizational culture and their relationship to each other.  
NAT: AACSB standard: Analytical Thinking                      CD: Comprehension

38. The primary benefits of a strong culture include all of the following, except \_\_\_\_\_.
- a. unity of direction
  - b. increased acceptance of nonconformists
  - c. easier-to-reach consensus
  - d. easier communication

ANS: B                      PTS: 1                      DIF: Medium                      REF: Strong and Weak Cultures  
OBJ: 2-2. Describe the three levels of organizational culture and their relationship to each other.  
NAT: AACSB standard: Analytical Thinking                      CD: Comprehension

39. \_\_\_\_\_ articulate a vision for an organization and reinforce the culture through slogans, symbols, and ceremonies.
- a. Mid-level managers
  - b. Symbolic leaders
  - c. Salespeople
  - d. Consumers

ANS: B                      PTS: 1                      DIF: Easy  
REF: Managing and Changing Cultures  
OBJ: 2-2. Describe the three levels of organizational culture and their relationship to each other.  
NAT: AACSB standard: Analytical Thinking                      CD: Knowledge

40. Symbolic leaders do all of the following, except \_\_\_\_\_.
- a. manage, change, and merge cultures
  - b. articulate a vision for an organization
  - c. reinforce the culture through slogans
  - d. impose cultural values

ANS: D                      PTS: 1                      DIF: Medium  
REF: Managing and Changing Cultures  
OBJ: 2-2. Describe the three levels of organizational culture and their relationship to each other.  
NAT: AACSB standard: Analytical Thinking                      CD: Comprehension

41. A \_\_\_\_\_ has a culture that values sharing knowledge so as to adapt to the changing environment and continuously improve.
- a. symbolic organization
  - b. learning organization
  - c. changing organization
  - d. values organization

ANS: B                      PTS: 1                      DIF: Easy                      REF: Learning Organizations  
OBJ: 2-2. Describe the three levels of organizational culture and their relationship to each other.  
NAT: AACSB standard: Analytical Thinking                      CD: Knowledge

42. Which of the following is not critical to continuous improvements in learning organizations?
- a. Integrating opportunities

- b. Solving problems
- c. Identifying opportunities
- d. Exploiting opportunities

ANS: A                      PTS: 1                      DIF: Medium                      REF: Learning Organizations  
OBJ: 2-2. Describe the three levels of organizational culture and their relationship to each other.  
NAT: AACSB standard: Analytical Thinking                      CD: Comprehension

43. The \_\_\_\_\_ includes the factors outside its boundaries that affect a business's performance.
- a. business environment
  - b. internal environment
  - c. external environment
  - d. competitive environment

ANS: C                      PTS: 1                      DIF: Easy                      REF: The External Environment  
OBJ: 2-3. Discuss how nine external environmental factors can affect the internal business environment.                      NAT: AACSB standard: Analytical Thinking  
CD: Knowledge

44. Julia runs a sporting goods business that supplies equipment for the schools in her area. She is forced to delay her shipment of equipment this week because some of the tennis balls were shipped late from the factory. What major external environmental factor is to blame?
- a. Competition
  - b. Suppliers
  - c. Labor force
  - d. Technology

ANS: B                      PTS: 1                      DIF: Medium  
REF: External Environmental Factors  
OBJ: 2-3. Discuss how nine external environmental factors can affect the internal business environment.                      NAT: AACSB standard: Analytical Thinking  
CD: Analysis

45. Renata's video rental store has seen a drastic decline in business over the past five years. What major external environmental factor is to blame?
- a. Shareholders
  - b. Suppliers
  - c. Labor force
  - d. Technology

ANS: D                      PTS: 1                      DIF: Medium  
REF: External Environmental Factors  
OBJ: 2-3. Discuss how nine external environmental factors can affect the internal business environment.                      NAT: AACSB standard: Analytical Thinking  
CD: Analysis

46. Ron Johnson, the former CEO of JC Penney, was fired after 17 months on the job when the many changes he made throughout the company resulted in a drastic drop in profits. What major external environmental factor pressured the board of directors to let him go?
- a. Shareholders
  - b. Suppliers



REF: Dynamic Environments and Interactive Management  
OBJ: 2-3. Discuss how nine external environmental factors can affect the internal business environment. NAT: AACSB standard: Analytical Thinking  
CD: Knowledge

51. \_\_\_\_\_ design a desirable future and invent ways of bringing it about.
- Proactive managers
  - Reactive managers
  - Responsive managers
  - Interactive managers

ANS: D PTS: 1 DIF: Easy  
REF: Dynamic Environments and Interactive Management  
OBJ: 2-3. Discuss how nine external environmental factors can affect the internal business environment. NAT: AACSB standard: Analytical Thinking  
CD: Knowledge

52. Business environments generally change at a(n) \_\_\_\_\_ pace.
- steady
  - slow
  - fast
  - irregular

ANS: C PTS: 1 DIF: Easy  
REF: Dynamic Environments and Interactive Management  
OBJ: 2-3. Discuss how nine external environmental factors can affect the internal business environment. NAT: AACSB standard: Analytical Thinking  
CD: Knowledge

53. The \_\_\_\_\_ Act was passed in 2002 to tighten laws affecting business ethics.
- Sherman Anti-Trust
  - Racketeer Influenced and Corrupt Organizations
  - Sarbanes-Oxley
  - Taft Hartley

ANS: C PTS: 1 DIF: Hard REF: Business Ethics  
OBJ: 2-4. Explain why people use unethical behavior, why and how they justify their unethical behavior, and three factors that influence behavior to be ethical or unethical.  
NAT: AACSB standard: Ethical Understanding and Reasoning CD: Knowledge

54. The standards of right and wrong that influence behavior are \_\_\_\_\_.
- morals
  - laws
  - values
  - ethics

ANS: D PTS: 1 DIF: Easy  
REF: Business Ethics and Justifying Unethical Behavior  
OBJ: 2-4. Explain why people use unethical behavior, why and how they justify their unethical behavior, and three factors that influence behavior to be ethical or unethical.  
NAT: AACSB standard: Ethical Understanding and Reasoning CD: Knowledge

55. When we behave unethically, we often justify the behavior to protect our \_\_\_\_\_ so that we do not have to feel bad.
- personal gain
  - self-concept
  - personal ability
  - self-awareness

ANS: B                    PTS: 1                    DIF: Easy

REF: How Do People Justify Their Unethical Behavior?

OBJ: 2-4. Explain why people use unethical behavior, why and how they justify their unethical behavior, and three factors that influence behavior to be ethical or unethical.

NAT: AACSB standard: Ethical Understanding and Reasoning    CD: Knowledge

56. \_\_\_\_\_ refers to distinguishing right from wrong and choosing to do the right thing.
- Ethical choices
  - Personality traits
  - Moral development
  - The golden rule

ANS: C                    PTS: 1                    DIF: Easy                    REF: Moral Development

OBJ: 2-4. Explain why people use unethical behavior, why and how they justify their unethical behavior, and three factors that influence behavior to be ethical or unethical.

NAT: AACSB standard: Ethical Understanding and Reasoning    CD: Knowledge

57. At which level of moral development do leaders use their position to gain personal advantages?
- Preconventional behavior
  - Conventional behavior
  - Nonconventional behavior
  - Postconventional behavior

ANS: A                    PTS: 1                    DIF: Medium                    REF: Moral Development

OBJ: 2-4. Explain why people use unethical behavior, why and how they justify their unethical behavior, and three factors that influence behavior to be ethical or unethical.

NAT: AACSB standard: Ethical Understanding and Reasoning    CD: Comprehension

58. Kala works in a retail store and a manager caught her giving her employee discount to her friends. When asked why she would do this, she said, "All of the other employees give their friends discounts, so I did, too." This is an example of \_\_\_\_\_.
- preconventional behavior
  - conventional behavior
  - nonconventional behavior
  - postconventional behavior

ANS: B                    PTS: 1                    DIF: Hard                    REF: Moral Development

OBJ: 2-4. Explain why people use unethical behavior, why and how they justify their unethical behavior, and three factors that influence behavior to be ethical or unethical.

NAT: AACSB standard: Ethical Understanding and Reasoning    CD: Analysis

59. Vijay works in a retail store. He noticed that all of the other employees give their friends their employee discount, and the manager doesn't seem to mind. However, when Vijay's friends asked him to do the same, he declined. He told them, "I think it's wrong, even if everyone else is doing it." This is an example of \_\_\_\_\_.
- preconventional behavior
  - conventional behavior
  - nonconventional behavior
  - postconventional behavior

ANS: D                    PTS: 1                    DIF: Hard                    REF: Moral Development  
OBJ: 2-4. Explain why people use unethical behavior, why and how they justify their unethical behavior, and three factors that influence behavior to be ethical or unethical.  
NAT: AACSB standard: Ethical Understanding and Reasoning    CD: Analysis

60. All of the following are situations in which unethical behavior is more likely, except \_\_\_\_\_.
- when employees are supervised in a noncompetitive situation
  - when performance falls below aspiration levels
  - when unethical behavior is not punished
  - when there is no formal ethics policy

ANS: A                    PTS: 1                    DIF: Medium                    REF: The Situation  
OBJ: 2-4. Explain why people use unethical behavior, why and how they justify their unethical behavior, and three factors that influence behavior to be ethical or unethical.  
NAT: AACSB standard: Ethical Understanding and Reasoning    CD: Analysis

61. Which of the following is the first of the four questions in the four-way test?
- Is it fair to all concerned?
  - Would I be proud to tell relevant stakeholders my decision?
  - Is it the truth?
  - Will it build goodwill and better friendship?

ANS: C                    PTS: 1                    DIF: Easy                    REF: Four-Way Test  
OBJ: 2-5. Identify four guides to ethical behavior and three things organizations should do to manage ethics. NAT: AACSB standard: Ethical Understanding and Reasoning  
CD: Knowledge

62. \_\_\_\_\_ means trying to creating a win-win situation for all relevant stakeholders so that everyone benefits from the decision.
- Code of ethics
  - Stakeholders' approach to ethics
  - The golden rule
  - Social responsibility

ANS: B                    PTS: 1                    DIF: Easy  
REF: Stakeholders' Approach to Ethics  
OBJ: 2-5. Identify four guides to ethical behavior and three things organizations should do to manage ethics. NAT: AACSB standard: Ethical Understanding and Reasoning  
CD: Knowledge

63. The collective behavior by \_\_\_\_\_ establishes a company's ethical conduct.
- top management

- b. stakeholders
- c. employees
- d. stockholders

ANS: C                      PTS: 1                      DIF: Easy                      REF: Managing Ethics  
OBJ: 2-5. Identify four guides to ethical behavior and three things organizations should do to manage ethics. NAT: AACSB standard: Ethical Understanding and Reasoning  
CD: Knowledge

64. \_\_\_\_\_ hold(s) the ultimate responsibility for the ethical behaviors in an organization.
- a. Management
  - b. The employees
  - c. Human resources
  - d. Stakeholders

ANS: A                      PTS: 1                      DIF: Easy  
REF: Top Management Support and Example  
OBJ: 2-5. Identify four guides to ethical behavior and three things organizations should do to manage ethics. NAT: AACSB standard: Ethical Understanding and Reasoning  
CD: Knowledge

65. Jela works for a company that creates parts for playground slides. He noticed that during production, several parts were not passing necessary tests to ensure top-notch safety requirements. When he told his manager, she said not to worry about it because it was only a few of them and no one would notice. Jela believed this to be wrong and went to the media with this information. Jela is an example of a/an \_\_\_\_\_.
- a. mole
  - b. whistle-blower
  - c. instigator
  - d. informant

ANS: B                      PTS: 1                      DIF: Hard  
REF: Enforcing Ethical Behavior and Whistle-Blowing  
OBJ: 2-5. Identify four guides to ethical behavior and three things organizations should do to manage ethics. NAT: AACSB standard: Ethical Understanding and Reasoning  
CD: Analysis

66. Employees should be encouraged to expose what they believe to be unethical behavior by their fellow employees. This is called \_\_\_\_\_.
- a. social responsibility
  - b. whistle-blowing
  - c. ethical reporting
  - d. social auditing

ANS: B                      PTS: 1                      DIF: Hard  
REF: Enforcing Ethical Behavior and Whistle-Blowing  
OBJ: 2-5. Identify four guides to ethical behavior and three things organizations should do to manage ethics. NAT: AACSB standard: Ethical Understanding and Reasoning  
CD: Comprehension

67. Joaquin, the human resource manager for his company, is reviewing current laws and ethics with three of his employees who will be travelling overseas for a nine-month business partnership with a foreign company. The laws they are reviewing are only accountable to U.S. companies regarding bribery. What act is Joaquin reviewing with his employees?
- FICA
  - FERPA
  - FMLA
  - FCPA

ANS: D                      PTS: 1                      DIF: Medium

REF: The Foreign Corrupt Practices Act (FCPA)

OBJ: 2-6. Characterize the three levels of social responsibility and explain its relationship with sustainability.                      NAT: AACSB standard: Ethical Understanding and Reasoning

CD: Knowledge

68. After the oil spill by BP in the Gulf of Mexico, BP began cleaning up the shores and investing their time and money in the affected ports, cities, and businesses in order to regain more customers again. This is an example of \_\_\_\_\_.
- corporate social responsibility
  - total quality management (TQM)
  - ethical relations
  - social quality management

ANS: A                      PTS: 1                      DIF: Easy

REF: Social Responsibility to Stakeholders

OBJ: 2-6. Characterize the three levels of social responsibility and explain its relationship with sustainability.                      NAT: AACSB standard: Ethical Understanding and Reasoning

CD: Analysis

69. Social responsibility is the conscious effort to operate in a manner that creates a win-win situation for \_\_\_\_\_.
- all shareholders
  - all stakeholders
  - all employees
  - the organization

ANS: B                      PTS: 1                      DIF: Easy

REF: Social Responsibility to Stakeholders

OBJ: 2-6. Characterize the three levels of social responsibility and explain its relationship with sustainability.                      NAT: AACSB standard: Ethical Understanding and Reasoning

CD: Knowledge

70. Joaquin is a human resource manager for a midsize corporate firm. The recent construction project that was completed in his department has been approved by the rest of the corporation because of his energy-saving improvements, which are providing an overall reduction of natural resources by the firm. The project was a win-win for all the stakeholders. This is considered to be \_\_\_\_\_.
- social responsibility
  - Total Quality Management (TQM)
  - resource optimization
  - competitive advantage



ANS: A                    PTS: 1                    DIF: Hard

REF: Social Responsibility to Stakeholders

OBJ: 2-6. Characterize the three levels of social responsibility and explain its relationship with sustainability.                    NAT: AACSB standard: Ethical Understanding and Reasoning

CD: Analysis

71. Corporate social responsibility (CSR) has been called *enlightened self-interest* because firms will be motivated to engage in CSR activities when \_\_\_\_\_.
- customers demand it
  - competitors engage in similar activities
  - laws are passed that require it
  - the benefits outweigh the costs

ANS: D                    PTS: 1                    DIF: Hard

REF: A situational approach to CSR

OBJ: 2-6. Characterize the three levels of social responsibility and explain its relationship with sustainability.                    NAT: AACSB standard: Ethical Understanding and Reasoning

CD: Comprehension

72. When Walmart stated that it would cut nearly 20 million metric tons of greenhouse gas emissions from its supply chain, it pressured all of the suppliers to meet its \_\_\_\_\_ standards.
- ethical
  - sustainability
  - performance
  - LEED

ANS: B                    PTS: 1                    DIF: Easy                    REF: Sustainability

OBJ: 2-6. Characterize the three levels of social responsibility and explain its relationship with sustainability.                    NAT: AACSB standard: Ethical Understanding and Reasoning

CD: Knowledge

73. \_\_\_\_\_ meets the needs of the present world without compromising the ability of future generations to meet their own needs.
- Moral development
  - Sustainability
  - Global sourcing
  - Social responsibility

ANS: B                    PTS: 1                    DIF: Easy                    REF: Sustainability

OBJ: 2-6. Characterize the three levels of social responsibility and explain its relationship with sustainability.                    NAT: AACSB standard: Ethical Understanding and Reasoning

CD: Knowledge

74. Joaquin is a human resource manager for a midsize corporate firm. He recently had improvements done to his offices that have saved the company more than 25% of operating costs due to the energy-saving upgrades. Joaquin is now trying to convince the rest of the department managers to commit to similar improvements. Joaquin is advocating for company \_\_\_\_\_.
- transformation
  - sustainability
  - LEED

d. customer value

ANS: B                      PTS: 1                      DIF: Hard                      REF: Sustainability  
OBJ: 2-6. Characterize the three levels of social responsibility and explain its relationship with sustainability.                      NAT: AACSB standard: Ethical Understanding and Reasoning  
CD: Analysis

75. Socially responsible managers focus on measuring profits, corporate social responsibility, and environmental impact. This is sometimes referred to as the \_\_\_\_\_.
- a. triple measures of success
  - b. triple outcomes assessment
  - c. triple bottom line
  - d. triple stakeholder benefit

ANS: C                      PTS: 1                      DIF: Medium  
REF: What is the Triple Bottom Line?  
OBJ: 2-6. Characterize the three levels of social responsibility and explain its relationship with sustainability.                      NAT: AACSB standard: Ethical Understanding and Reasoning  
CD: Knowledge

76. Unethical behavior in which companies deceptively use public relations or other marketing messages to promote the perception that an organization's products, aims, or policies are environmentally friendly is called \_\_\_\_\_.
- a. corporate greening
  - b. greenwashing
  - c. greenlighting
  - d. greenification

ANS: B                      PTS: 1                      DIF: Hard  
REF: Trends and Issues in Management  
OBJ: 2-6. Characterize the three levels of social responsibility and explain its relationship with sustainability.                      NAT: AACSB standard: Ethical Understanding and Reasoning  
CD: Knowledge

## TRUE/FALSE

77. The five components of internal environment include mission, value, system processes, resources, and organization.

ANS: F                      PTS: 1                      DIF: Easy                      REF: The Internal Environment  
OBJ: 2-1. Explain the five internal environmental factors.  
NAT: AACSB standard: Analytical Thinking                      CD: Knowledge

78. Stakeholders are people whose interests are affected by organization behavior.

ANS: T                      PTS: 1                      DIF: Easy  
REF: Mission, Management, and Culture  
OBJ: 2-1. Explain the five internal environmental factors.  
NAT: AACSB standard: Analytical Thinking                      CD: Knowledge

79. An organization's culture is manifested in the key values and principles that leaders preach and practice and in its employees' attitudes and behavior.

ANS: T                    PTS: 1                    DIF: Easy                    REF: Organizational Culture  
OBJ: 2-2. Describe the three levels of organizational culture and their relationship to each other.  
NAT: AACSB standard: Analytical Thinking                    CD: Knowledge

80. Strengthening an organizational culture is not a program with a starting and ending date; it is an ongoing process.

ANS: T                    PTS: 1                    DIF: Easy  
REF: Managing and Changing Cultures  
OBJ: 2-2. Describe the three levels of organizational culture and their relationship to each other.  
NAT: AACSB standard: Analytical Thinking                    CD: Knowledge

81. Customers, competition, and the economy are all task factors.

ANS: F                    PTS: 1                    DIF: Easy  
REF: External Environmental Factors  
OBJ: 2-3. Discuss how nine external environmental factors can affect the internal business environment.                    NAT: AACSB standard: Analytical Thinking  
CD: Knowledge

82. It is possible for a business to obey government laws and regulations and still behave unethically.

ANS: T                    PTS: 1                    DIF: Hard  
REF: Business Ethics and Justifying Unethical Behavior  
OBJ: 2-4. Explain why people use unethical behavior, why and how they justify their unethical behavior, and three factors that influence behavior to be ethical or unethical.  
NAT: AACSB standard: Ethical Understanding and Reasoning                    CD: Knowledge

83. Absolutism is the idea that there is no absolute truth or right or wrong.

ANS: F                    PTS: 1                    DIF: Medium                    REF: Caution  
OBJ: 2-4. Explain why people use unethical behavior, why and how they justify their unethical behavior, and three factors that influence behavior to be ethical or unethical.  
NAT: AACSB standard: Ethical Understanding and Reasoning                    CD: Knowledge

84. Because of their personalities, some people have a higher level of ethics than others.

ANS: T                    PTS: 1                    DIF: Easy  
REF: Personality Traits and Attitudes  
OBJ: 2-4. Explain why people use unethical behavior, why and how they justify their unethical behavior, and three factors that influence behavior to be ethical or unethical.  
NAT: AACSB standard: Ethical Understanding and Reasoning                    CD: Knowledge

85. Postconventional-level behavior is motivated by the desire to live up to others' expectations.

ANS: F                    PTS: 1                    DIF: Easy                    REF: Moral Development  
OBJ: 2-4. Explain why people use unethical behavior, why and how they justify their unethical behavior, and three factors that influence behavior to be ethical or unethical.  
NAT: AACSB standard: Ethical Understanding and Reasoning                    CD: Knowledge

86. The first level of moral development is the preconventional level.

ANS: T                    PTS: 1                    DIF: Easy                    REF: Moral Development  
OBJ: 2-4. Explain why people use unethical behavior, why and how they justify their unethical behavior, and three factors that influence behavior to be ethical or unethical.  
NAT: AACSB standard: Ethical Understanding and Reasoning    CD: Knowledge

87. The four-way test includes the question, “Would I be proud to tell relevant stakeholders my decision?”

ANS: F                    PTS: 1                    DIF: Medium  
REF: Stakeholders’ Approach to Ethics  
OBJ: 2-5. Identify four guides to ethical behavior and three things organizations should do to manage ethics. NAT: AACSB standard: Ethical Understanding and Reasoning  
CD: Comprehension

88. Research shows that making a decision without using an ethical guide leads to less ethical choices.

ANS: T                    PTS: 1                    DIF: Easy                    REF: Discernment and Advice  
OBJ: 2-5. Identify four guides to ethical behavior and three things organizations should do to manage ethics. NAT: AACSB standard: Ethical Understanding and Reasoning  
CD: Knowledge

89. A code of ethics is also considered a code of conduct.

ANS: T                    PTS: 1                    DIF: Easy                    REF: Managing Ethics  
OBJ: 2-5. Identify four guides to ethical behavior and three things organizations should do to manage ethics. NAT: AACSB standard: Ethical Understanding and Reasoning  
CD: Knowledge

90. Businesses can’t always create a win-win for all stakeholders because the stakeholders often have conflicting objectives.

ANS: T                    PTS: 1                    DIF: Medium  
REF: What is Social Responsibility?  
OBJ: 2-6. Characterize the three levels of social responsibility and explain its relationship with sustainability. NAT: AACSB standard: Ethical Understanding and Reasoning  
CD: Comprehension

91. There is a clear and easily measured positive impact of corporate social responsibility on corporate profits.

ANS: F                    PTS: 1                    DIF: Medium  
REF: Does it Pay to Be Socially Responsible?  
OBJ: 2-6. Characterize the three levels of social responsibility and explain its relationship with sustainability. NAT: AACSB standard: Ethical Understanding and Reasoning  
CD: Comprehension

92. A firm can be between levels of corporate social responsibility or be on different levels for different issues.

ANS: T                    PTS: 1                    DIF: Medium  
REF: Levels of Corporate Social Responsibility

OBJ: 2-6. Characterize the three levels of social responsibility and explain its relationship with sustainability. NAT: AACSB standard: Ethical Understanding and Reasoning  
CD: Comprehension

93. A statement on Ben & Jerry's website says: "Through our business, partnerships and advocacy, we will seek ways to organize, educate and mobilize citizens at the grassroots level in support of peace-building efforts, and to celebrate peace-building efforts around the world." Based on this, it would be most appropriate to categorize the company as one that operates at the ethical level of corporate social responsibility.

ANS: F PTS: 1 DIF: Hard REF: Benevolent CSR  
OBJ: 2-6. Characterize the three levels of social responsibility and explain its relationship with sustainability. NAT: AACSB standard: Ethical Understanding and Reasoning  
CD: Analysis

94. From 1948 to 1996, liquor companies voluntarily refrained from advertising hard liquor products on television. Based on this, it would be most appropriate to categorize the companies in this industry as operating during that time period at the benevolent level of corporate social responsibility.

ANS: F PTS: 1 DIF: Hard REF: Ethical CSR  
OBJ: 2-6. Characterize the three levels of social responsibility and explain its relationship with sustainability. NAT: AACSB standard: Ethical Understanding and Reasoning  
CD: Analysis

95. CSOs are in charge of the corporation's environmental programs.

ANS: T PTS: 1 DIF: Medium  
REF: Sustainability Practices and Green Companies  
OBJ: 2-6. Characterize the three levels of social responsibility and explain its relationship with sustainability. NAT: AACSB standard: Ethical Understanding and Reasoning  
CD: Comprehension

96. Unlike the United States, trust in business is high across other countries, including those in Europe and Asia.

ANS: F PTS: 1 DIF: Medium  
REF: Trends and Issues in Management OBJ: N/A  
NAT: AACSB standard: Ethical Understanding and Reasoning CD: Comprehension

97. One of the difficulties inherent in addressing ethics in a global external environment is that with specific country characteristics come varying ethical standards.

ANS: T PTS: 1 DIF: Hard  
REF: Trends and Issues in Management OBJ: N/A  
NAT: AACSB standard: Ethical Understanding and Reasoning CD: Comprehension

## ESSAY

98. List and describe the five internal environmental factors.

ANS:

Mission is the organization's purpose or reason for being.

Management refers to the people responsible for an organization's performance.

Resources of the organization involve human, physical, financial, and informational resources in accomplishing the mission.

Systems process is the method of transforming inputs into outputs as the organization accomplishes its mission.

Structure refers to the way in which the organization groups its resources to accomplish its mission.

PTS: 1                    DIF: Hard                    REF: The Internal Environment

OBJ: 2-1. Explain the five internal environmental factors.

NAT: AACSB standard: Analytical Thinking                    CD: Knowledge

99. Using your school as an example, describe the four components of the systems process. Be sure to explain where you, the student, fit in the overall process.

ANS:

Answers will vary but may include some of the following: Inputs are students, professors/instructors/teachers, textbooks, etc. Transformation may include classes, assignments, and programs of study. Outputs may include students again, this time as employable graduates. Feedback may include grades, course evaluation surveys, surveys of employers, surveys of alumni, etc.

PTS: 1                    DIF: Hard                    REF: Systems Process

OBJ: 2-1. Explain the five internal environmental factors.

NAT: AACSB standard: Reflective Thinking                    CD: Analysis

100. Describe the three levels of organizational culture and their relationship to each other.

ANS:

Level 1 is behavior, meaning the actions employees take.

Level 2 is values and beliefs. Values represent the way people believe they ought to behave and beliefs represent if-then statements.

Level 3 is assumptions, meaning the values and beliefs that are deeply ingrained as unquestionably true. Values, beliefs, and assumptions provide the operating principles that guide decision making and behavior.

PTS: 1                    DIF: Hard                    REF: Three Levels of Culture

OBJ: 2-2. Describe the three levels of organizational culture and their relationship to each other.

NAT: AACSB standard: Analytical Thinking                    CD: Knowledge

101. You have recently come on board as manager of a local non-profit that works to help adopted children find their birth parents. Though the organization serves a strong purpose and has a very high success rate, the culture of the organization is weak. Please offer a brief plan to strengthen the culture of the organization.

ANS:

Answers to this question will vary greatly; however, a correct answer must be based on the use of artifacts.

PTS: 1                    DIF: Hard

REF: Learning the Organizational Culture Through Artifacts

OBJ: 2-2. Describe the three levels of organizational culture and their relationship to each other.

NAT: AACSB standard: Reflective Thinking

CD: Application

102. Describe how the nine external environmental factors can affect the internal business environment.

ANS:

Customers decide what products the business offers, and without customer value, there are no customers or business. Competitors' business practices often have to be duplicated in order to maintain customer value. Poor-quality inputs from suppliers result in poor-quality outputs without customer value. Without a qualified labor force, products and services will have little or no customer value. Shareholders, through an elected board of directors, hire top managers and provide directives for the organization. Society, to a great extent, determines what are acceptable business practices and can pressure business for changes. The business must develop new technologies, or at least keep up with them, to provide customer value.

Economic activity affects the organization's ability to provide customer value (for example, inflated prices lead to lower customer value). Governments set the rules and regulations that business must adhere to.

PTS: 1

DIF: Hard

REF: External Environmental Factors

OBJ: 2-3. Discuss how nine external environmental factors can affect the internal business environment.

NAT: AACSB standard: Analytical Thinking

CD: Analysis

103. You have been the manager of a popular night club for the past three years. The night club industry is highly vulnerable to the external environment. Please select and discuss one task factor and one general factor that you think are most important to this industry.

ANS:

Answers to this question will vary greatly but should specifically address one of the five task factors (customers, competition, suppliers, labor force, shareholders) and of the four general factors (society, technology, economy, governments).

PTS: 1

DIF: Hard

REF: External Environmental Factors

OBJ: 2-3. Discuss how nine external environmental factors can affect the internal business environment.

NAT: AACSB standard: Reflective Thinking

CD: Application

104. Compare the three levels of moral development.

ANS:

At the lowest level of moral development, the preconventional level, behavior is motivated by self-interest and people seek rewards and attempt to avoid punishment. At the second level, the conventional level, behavior is motivated by a desire to maintain expected standards and live up to the expectations of others. At the highest level, the postconventional level, behavior is motivated by a desire to do the right thing, even at the risk of alienating the group. The higher the level of moral development, the more ethical one's behavior.

PTS: 1

DIF: Hard

REF: Moral Development

OBJ: 2-4. Explain why people use unethical behavior, why and how they justify their unethical

behavior, and three factors that influence behavior to be ethical or unethical.

NAT: AACSB standard: Ethical Understanding and Reasoning CD: Comprehension

105. Explain the stakeholders' approach to ethics.

ANS:

Managers who use the stakeholders' approach to ethics create a win-win situation for the relevant parties affected by the decision. If you are proud to tell relevant stakeholders your decision, it is probably ethical. If you are not proud to tell stakeholders or you keep rationalizing it, the decision may not be ethical.

PTS: 1

DIF: Hard

REF: Stakeholders' Approach to Ethics

OBJ: 2-5. Identify four guides to ethical behavior and three things organizations should do to manage ethics. NAT:

AACSB standard: Ethical Understanding and Reasoning

CD: Comprehension

106. You recently have been promoted to the position of lead manager at a local casino. In your position, you are responsible for auditing the daily intakes from all of the poker tables. Because you started as a poker dealer, you know how easy it is to pocket chips and then cash them in and since you have a good relationship with your team, you know you could take this opportunity to make some extra cash. Just in case you were tempted to run this scam, which of the five simple guides for ethical behavior would you call on to not take the chips?

ANS:

Answers to this question will vary but should include discussion of the golden rule, four-way test, stakeholders approach, code of ethics, or discernment and advice.

PTS: 1

DIF: Hard

REF: Guides to Ethical Behavior

OBJ: 2-5. Identify four guides to ethical behavior and three things organizations should do to manage ethics. NAT:

AACSB standard: Ethical Understanding and Reasoning

CD: Application

107. Give some examples of how all companies need to be socially responsible to external environmental stakeholders.

ANS:

Answers to this question may vary but may include the following: The company must provide safe products and services with value to customers. The company should improve the quality of life for society or at least not destroy the environment. The company must compete fairly with competitors. The company must work cooperatively with suppliers. The company must abide by the laws and regulation of government. The company must strive to provide equal employment opportunity for the labor force. The company must provide shareholders with a reasonable profit.

PTS: 1

DIF: Hard

REF: Responsibilities to Stakeholders

OBJ: 2-6. Characterize the three levels of social responsibility and explain its relationship with sustainability. NAT:

AACSB standard: Ethical Understanding and Reasoning

CD: Application

108. Identify and define the three levels of corporate social responsibility. Give at least one example for each.



ANS:

Legal CSR focuses on maximizing profits while obeying the law. The example given in the text was tobacco companies selling cigarettes, which are legal.

Ethical CSR focuses on profitability and going beyond the law to do what is right, just, and fair. The example given in the text was the decision by CVS to stop selling cigarettes, even though the result is an estimated loss of \$2 billion a year in revenue.

Benevolent CSR focuses on profitability and helping society through philanthropy. The examples given in the text included corporate donations to colleges and universities by companies such as Microsoft. Students' examples may differ.

PTS: 1

DIF: Hard

REF: Levels of Corporate Social Responsibility

OBJ: 2-6. Characterize the three levels of social responsibility and explain its relationship with sustainability.

NAT: AACSB standard: Ethical Understanding and Reasoning

CD: Analysis