## Applying the Concept Answers

**Applying the Concept 2-1: The Internal Environment**

## Identify the internal environmental factor underlying each statement.

A. Management and culture

B. Mission

C. Resources

D. Systems process

E. Structure

1**. “At Dunkin Donuts we sell donuts, but we make more money on real estate by renting our facilities to franchisees.”**

B. Mission. Real estate is the actual purpose of the business.

**2. “The department of business under the School of A&S at Springfield College is going to be expanded to become the School of Management.”**

E. Structure. Splitting a department changes the existing structure.

**3. “After a six-month search, the board finally hired a new CEO from our competitor.”**

A. Management and culture. There is a change in Management.

**4. “At Big Y supermarkets we buy vegetables, cut them up, place them in bags, and sell them as salad.”**

D. Systems process. Inputs are being converted into outputs.

**5. “As the minimum wage continues to increase, Wendy’s is buying machines to replace order takers.”**

C. Resources. Machines are a physical resource.

**Applying the Concept 2-2: The External Environment**

Identify which external environmental factor is referred to in each statement.

A. Customers

B. Competition

C. Suppliers

D. Labor force

E. Shareholders

F. Society

G. Technology

H. Economy

I. Governments

**6. “The owners of the company will get to vote on its being acquired or staying independent.”**

E. Shareholders. They own the company and may get a vote on issues like acquisitions and mergers.

**7. “Are you going to close that sale to Costco?”**

I. Governments. The government can stop mergers and acquisitions when it believes society will be harmed by the business transaction.

**8. “If we don’t get a 4% raise, the Teamsters union will go on strike at our company.”**

G. Technology. A new material is a technology change.

**9. “Animal activist groups pressured the Ringling Brothers circus to the point that it will stop having elephant acts in 2018.”**

B. Competition. AT&T lost its monopoly, as it has competition now.

**10. “KFC bought some bad chickens in China, and sales declined.”**

H. The economy. The government can influence the economy through monetary policy of changing the amount of money in the economy.

**11. Our company was going to be sold to Sprint, but the government said that would be in violation of antitrust laws.”**

E. Shareholders. They own the company and appoint top managers.

**12. “Tesla is working on software for its cars to be self-driven.”**

G. Technology. New software is a technology change.

**13. “LinkedIn and other social media websites took some of the traffic flow away from Facebook.”**

B. Competition. The social media websites compete with each other for viewers.

**14. “Since the recession ended, we have had an increase in sales, but revenues are still not above pre-recession levels.”**

H. The economy. Sales tend to go with the state of the economy; down in a recession and up during growth periods.

**Applying the Concept 2-3: Strong and Weak Cultures**

Identify whether each statement reflects an organization with a strong or weak culture.

A. Strong culture

B. Weak culture

**15. “It’s hard to know if I need to follow the ethics code because managers act unethically every now and then.”**

B. Weak culture. When expected behavior is not clear, there is a weak culture.

**16. “Oh no, do I really have to listen to the story about how the company founder Ted walked three miles in a snowstorm to deliver the package on time again?”**

A. Strong culture. It appears that there is conformity with everyone dressing similarly. If some people wear jackets and ties and others don’t, it’s optional and a weak part of expected behavior.

**17. “Everyone in the department acts differently, so I guess I can just be me rather than trying to act in a manner acceptable to others.”**

A. Strong culture. Stories are a part of a strong culture.

**18. “I started to tell this ‘dumb blond’ joke, and the other employees all gave me a dirty look, so I stopped.”**

B. Weak culture. Unclear values are an indication of a weak culture.

**19. “When I walked around the department during my job interview, I realized I’d have to come to work in formal attire because all the women were wearing dresses or suits.”**

A. Strong culture. The group is giving a “dirty look” to convey that ethical jokes are not acceptable behavior. Employees enforcing behavior comes from a strong culture.

**Applying the Concept 2-4: Level of Moral Development**

Identify each statement by its level of moral development.

A. Preconventional level

B. Conventional level

C. Postconventional level

**20. Carl says to Lolo, “There is no big deal in telling lies to customers. We are helping them buy a good product.”**

A. Preconventional. Carl is trying to convince Lolo that lying is OK.

**21. I can’t lie to customers because it is against my religion; it is a sin to lie.**

C. Postconventional. The person is not lying because of religious honest.

**22. Latavia says to John “You’re not selling as much as the rest of us. You really should lie to customers like we do. If the boss asks why you aren’t selling as much as the rest of us, you better not tell him we lie, or you will be sorry.”**

B. Conventional. Latavia is using peer pressure to get John to be unethical.

**Applying the Concept 2-5: Ethical Approach**

Identify each statement by its approach to making ethical decisions.

A. Golden rule

B. Four-way test

C. Stakeholder’s approach

D. Discernment and advice

E. Code of ethics

**23. I try to treat people the way I want them to treat me.**

A. Golden rule. This statement is essentially saying Do unto others as you would want them to do unto you.

**24. Cindy, what do you think of my decision for handling this situation?**

D. Discernment and advice. The person is considering if the decision is ethical or not and getting advice to determine if it is or not.

**25. I’m a member of Rotary International, so I use its approach when I make decisions.**

B. Four-way test. The Rotary approach is the four-step method.

**26. I follow the guidelines the company gave all of us to use to make sure I’m doing the right thing.**

E. Code of ethics. Companies have codes of ethics for all employees to follow.

**27. I try to make sure that everyone affected by my decisions gets a fair deal.**

C. Stakeholder’s approach. The person is trying to create a win-win situation for all stakeholders involved.