

Part 1, Chapter 1—Management of Technology and Innovation: An Overview

MULTIPLE CHOICE

1. Alan Greenspan believes history will show that later half of the 1990s was:
 - a. A time of greed
 - b. A time in which hedge funds should have been regulated
 - c. A time when technology failed United States business
 - d. A pivotal time when technology developed previously were finally allowed to be utilized effectively
 - e. A pivotal time when international currency exchange was solidified

ANS: D PTS: 1

2. RFID:
 - a. Allow firms to track goods from production through their being sold
 - b. Allows stores to have their own background music in the store
 - c. Allows the tracking of two of the most dangerous chemicals in an industrial setting
 - d. Provides communication between widely spread employees on an immediate basis
 - e. Tracks employees as they do their daily work if they work outside an office setting

ANS: A PTS: 1

3. It was found in the state of Washington that labor income in technology based industries was _____ percent more than the state's average.
 - a. 5
 - b. 14
 - c. 27
 - d. 63
 - e. 87

ANS: E PTS: 1

4. It was found in the state of Washington that technology based industries that each job in turn supports an average of _____ jobs while the state average is _____ jobs per employee in all other industries.
 - a. 3.55; 1.01
 - b. 3.55; 5.05
 - c. 3.55; 2.86
 - d. 0.25; 2.86
 - e. 1.39; 2.86

ANS: C PTS: 1

5. Technology pushes society when:
 - a. Innovations make unwanted changes in society that are unfortunate such as pollution
 - b. Innovations push the government to make new regulations in order to control the activity
 - c. New technology strains the social fabric of the society to the breaking point
 - d. The technology was not demanded by society but once available it is quickly adopted by society
 - e. The technology is demanded by society and it leads to changes in the society

ANS: D PTS: 1

6. Technology's impact:
- a. Is ongoing
 - b. Occurs in small very distinct steps
 - c. Occurs in large shifts over time
 - d. Is not significant
 - e. Is limited unless combined with money

ANS: A PTS: 1

7. Technology's impact is:
- a. Is only in particular business units
 - b. Is significant only for certain people in the organization
 - c. Occurs only outside the business organization since it is so pervasive
 - d. Is organization wide
 - e. Effects societies, not businesses

ANS: D PTS: 1

8. A major source of innovation in the appliance industry is:
- a. Canada
 - b. Finland
 - c. United States
 - d. Russia
 - e. Japan

ANS: E PTS: 1

9. Normative institutions are concerned with:
- a. Laws in a country
 - b. Norms of professions and industries
 - c. The progress of technology at a normal pace
 - d. The ability to obtain the insights of average consumers
 - e. The banking industry

ANS: B PTS: 1

10. It can be expected that the theory and methods of managing technology and innovation learned from the text are:
- a. Applicable only in the United States
 - b. Applicable only in the United States and Canada
 - c. Applicable only in the United States, Canada and the United Kingdom
 - d. Applicable only in the United States, Canada, United Kingdom and parts of Europe
 - e. Applicable around the world

ANS: E PTS: 1

11. The annual level of spending on new technology by business in the 1990s increased by:
- a. 10% per year.
 - b. it decreased by 10% per year.
 - c. 4% per year.
 - d. 20% per year.
 - e. 5% per year.

ANS: A PTS: 1

12. In the early part of this century there was a decline in technology spending due to:
- a. tighter control over spending
 - b. less technology being employed
 - c. positive growth on spending
 - d. hiring more employees
 - e. the use of cell phones in the workplace

ANS: A PTS: 1

13. The goal of management of technology and innovation in an organization should always be to:
- a. Create new technology that is groundbreaking
 - b. Expand the number of employees in R&D
 - c. Create value for the firm
 - d. Be efficient
 - e. Maximize this quarter's profits

ANS: C PTS: 1

14. There are several definitions of technology in the text; all the definitions have some common elements. Each definition implies:
- a. A systematic approach to the desired outcome
 - b. Change is an outcome
 - c. Change occurs rapidly
 - d. Changes in technology occur at random
 - e. *Both "A systematic approach to the desired outcome" and "Change is an outcome"*

ANS: E PTS: 1

15. Technology can be broadly defined as:
- a. A process whereby new and improved products, processes, materials, and services are developed and transferred to a new plant or market where they are appropriate
 - b. All the knowledge, products, processes, tools, methods, and systems employed in the creation of goods or in providing services
 - c. A coordinated set of actions that fulfill the firm's objectives, purposes, and goals
 - d. The systematic gathering of information that leads to the generation of feasible alternatives for the firm
 - e. The elements of planning, implementation, and evaluation and control

ANS: B PTS: 1

16. Evaluation and control of technology is:
- a. The checking to be sure the technology works
 - b. The ensuring the technology meets the specifications of the manual
 - c. Commonly ignored
 - d. The monitoring to ensure technology meets goals and desired outcomes
 - e. Typically outsourced to ensure proper operation

ANS: D PTS: 1

17. The National Cash Register Company almost failed in 1960 because it:
- a. Focused on developing the digital calculator
 - b. Focused on expanding its lead in mechanical calculators
 - c. Moved into credit card technology
 - d. Moved its production to Brazil
 - e. Spent excessively on R&D

ANS: B PTS: 1

18. The management of technology is defined as the linking of different disciplines to:
- a. Plan, develop, implement, monitor and control technological capabilities
 - b. Make sure that the technology works
 - c. Find the most efficient technology
 - d. Find the most economical technology
 - e. Control the use of technology

ANS: A PTS: 1

19. The task force on Management of Technology listed 5 specific reasons why individuals and organizations should be concerned about the management of technology. Which of these is NOT one of the five reasons provided?
- a. The rapid pace of technological change demands a cross discipline approach
 - b. The rapid pace of technology development and the increasing sophistication of consumers have shortened product life cycle
 - c. The need for increasing production times
 - d. Increasing international competition
 - e. As technology changes, the tools of management must change

ANS: C PTS: 1

20. Who developed the idea and product called the iBOT Mobility System?
- a. Dean Wheelwright
 - b. Dean Karoub
 - c. Dean Kamen
 - d. Kenneth Dean
 - e. Dean Witter

ANS: C PTS: 1

21. What "significant leap" for society did Dean Kamen accomplish with technology?
- a. JIT distribution
 - b. A stand-up wheelchair
 - c. The cell phone
 - d. The silicon chip
 - e. None of these choices

ANS: B PTS: 1

22. Which one of these is an example of process innovation?
- a. E-mail security
 - b. Just-in-time inventory (JIT)
 - c. Firewalls
 - d. Virus protection software
 - e. *Both "Just-in-time inventory (JIT)" and "Firewalls"*

ANS: E PTS: 1

23. Innovation can be defined as:
- The process whereby new and improved products, processes, materials, and services are developed and transferred to a new plant or market where they are appropriate
 - All the knowledge, products, processes, tools, methods, and systems employed in the creation of goods or providing services
 - A coordinated set of actions that fulfill the firm's objectives, purposes, and goals
 - The systematic gathering of information that leads to the generation of feasible alternatives for the firm
 - The elements of planning, implementation, and evaluation and control

ANS: A PTS: 1

24. The commitment of top management to innovation requires the recognition of the following realities *except*:
- Management of technology encompasses the management of innovation
 - It requires the fostering of an environment where innovative thought and work are encouraged
 - It involves the protection of the firm's current strategic position in order to maximize prior investment in technology
 - It involves leading a firm from existing processes and products to something that is better and more valuable
 - It is proactive and encourages creativity and risk taking

ANS: C PTS: 1

25. Delbecq's and Mills' characteristics of a firm that manages innovation well does NOT include which of the following:
- Sets of realistic expectations
 - Separate funds for innovation
 - Clear direction on studies to be done and follow-ups that are expected
 - Periodic review of informal proposals by a group outside of line management
 - Internal focus so boundary spanning does not distract from firm's focus

ANS: E PTS: 1

26. The four individual characteristics that enhance innovation include all of the following *except*:
- Asking questions
 - Learning new skills
 - Technological training
 - Taking risks and being proactive
 - Aligning personal beliefs with organization goals

ANS: C PTS: 1

27. The management of innovation involves ____ of continuation and nurturing of existing technology than does innovation.
- A broader scope
 - A narrower scope
 - The same scope
 - The two are not related
 - A direct correction

ANS: A PTS: 1

28. The effect of technology is typically seen as ____.
- a. Flat
 - b. Negative
 - c. Cascading
 - d. Same
 - e. Limited

ANS: C PTS: 1

29. All of the following are elements of strategic management *except*:
- a. return on investment
 - b. implementation
 - c. planning
 - d. evaluation
 - e. control

ANS: A PTS: 1

30. ____ are the monitoring of technology to ensure that it meets the desired outcomes.
- a. Implementation and control
 - b. Planning and implementation
 - c. Evaluation and control
 - d. Evaluation and monitoring
 - e. Implementations and evaluations

ANS: C PTS: 1

31. Firms that manage innovation well have which of the following characteristics?
- a. They provide clear direction
 - b. They provide a supportive atmosphere
 - c. They separate funds for innovation
 - d. They have realistic expectations
 - e. All of these choices

ANS: E PTS: 1

32. All of the following are characteristics that enhance the initiative that spark innovation *except*:
- a. asking questions to identify problems and opportunities
 - b. learning new skills
 - c. taking risks
 - d. being proactive
 - e. managing innovation

ANS: E PTS: 1

33. Technology is defined to include ____ employed in producing a good or service.
- a. knowledge
 - b. products
 - c. processes
 - d. methods
 - e. all of these choices

ANS: E PTS: 1

34. To promote proactive approaches to the management of technology and innovation managers should do all of the following *except*:
- Designate clear technology leaders
 - Assess objectively where your firm is on the technology curve
 - Set realistic priorities
 - Focus your search and assessment processes only on the largest units in the firm
 - Understand what the tasks are and how they are connected

ANS: D PTS: 1

TRUE/FALSE

1. Managing innovation is a cross-discipline activity.

ANS: T PTS: 1

2. Management of technology includes the evaluation/control phase for examining innovations after they become an ongoing part of the organization.

ANS: T PTS: 1

3. The tools of management must change as technology changes, but the process of determining what those new tools should be is in its infancy.

ANS: T PTS: 1

4. Innovation is only the invention of a new product or process.

ANS: F PTS: 1

5. Innovation occurs when the firm is motivated with unrealistic expectations.

ANS: F PTS: 1

6. The management of innovation requires firms to encourage risk-taking.

ANS: T PTS: 1

7. When fostering the correct environment for innovation one thing a manager should do is separate funds for innovation.

ANS: T PTS: 1

8. Without the tools of management, the benefits of technology and innovation cannot be fully realized.

ANS: T PTS: 1

9. Linking of different disciplines to plan, develop, implement, monitor, and control technological capabilities to shape and accomplish the strategic objectives of an organization...is the definition of technology.

ANS: F PTS: 1

10. The management of technology involves a much broader scope of continuation and nurturing of existing technology than does innovation.

ANS: T

PTS: 1

SHORT ANSWER

1. Why should individuals and organizations be concerned about the management of technology?

ANS:

5 Reasons:

- Rapid pace of technological change
- Shortened product life cycles
- Cut product development times; more flexibility
- Increase in international competition
- Tools of management change as technology changes

PTS: 1

2. Discuss ways in which top management can foster creativity and innovation in the workplace.

ANS:

- Separate funds for innovation.
- Periodic reviews of informal proposals by a group outside of line management.
- Clear direction on studies to be done and follow-ups that are expected
- Extensive boundary-spanning activities to learn from others and to gain understanding of what others are doing.
- Sets of realistic expectations.
- Supportive atmosphere for "debugging" and exploration of variations as well as appropriate resources for maintenance and service.

PTS: 1

3. How does innovation relate to technology? How do the two differ?

ANS:

- innovation is directly reliant on new technology most of the time; the two often are inter-related and go hand in hand
- technology is the creation of a new way to do things; innovation is a new way to use this technology

PTS: 1

4. What are some of the pros and cons of the introduction of cellular phones into the business environment, and how have managers minimized the cons?

ANS:

Pros:

- Workers now have immediate access to their home offices
- Orders for products can be submitted almost immediately saving time and money
- Allows efficiency and effectiveness to be improved

Cons:

- Workers do not have to come to the office as often
- Workers become less connected to the culture of the organization
- Makes control more critical and difficult to accomplish

PTS: 1

5. How can a firm enhance initiative that sparks innovation?

ANS:

- Ask questions to identify problems and opportunities
- Learn new skills
- Take risks and be proactive
- Align personal beliefs and values with organization's goals

PTS: 1

Part 1, Chapter 2—Strategy Process and the Management of Technology and Innovation

MULTIPLE CHOICE

1. Strategy can be defined as:
 - a. Process whereby new and improved products, processes, materials, and services are developed and transferred to a new plant or market where they are appropriate
 - b. The critical tools, methods, and systems employed in the creation of goods or in providing services
 - c. A coordinated set of actions that fulfill the firm's objectives, purposes, and goals
 - d. The systematic gathering of information that leads to the generation of feasible alternatives for the firm
 - e. An industrial integration view of the firm based on industrial organization economics

ANS: C PTS: 1

2. Linux is an example of continuous technology because:
 - a. the changes in the program are dramatic
 - b. the changes in the logic of the system happen over a relatively short period of time
 - c. the changes are implemented by a large number of individuals from all over the world
 - d. the technology changes are so disruptive that change happens continuously
 - e. it is not an example of continuous technology

ANS: B PTS: 1

3. What was the common mistake of Polaroid, Swiss Watch, and the United States steel industry?
 - a. Giving technology away to competitors
 - b. Failing to improve their technology
 - c. Loss of government backing
 - d. Intervention of the WTO
 - e. Failing to form international alliances

ANS: B PTS: 1

4. The domains that firms need to ensure are consistent with their strategy include all of the following *except*:
 - a. Structure
 - b. Employee hiring and relations
 - c. Decision making
 - d. Incentives
 - e. Industry structure

ANS: E PTS: 1

5. The impact of a strategy comes from the firm setting a clear direction and taking actions that are consistent with that strategy. The common areas that the firm needs to focus on include:
 - a. Incentives
 - b. Structure and decision making
 - c. Communication and employee relations
 - d. Culture
 - e. All of these choices

ANS: E PTS: 1

6. Capabilities are:
- a. Skills the firm develops
 - b. The strategic direction the firm will seek to pursue
 - c. The building blocks for the value chain analysis
 - d. The building blocks of the five forces analysis
 - e. Central to the analysis of complementors

ANS: A PTS: 1

7. Capabilities are typically classified as either ____ or ____.
- a. technical – implementation
 - b. market – formulation
 - c. implementation – critical
 - d. technical – market
 - e. implementation – formulation

ANS: D PTS: 1

8. Technology's impact on the competitive environment is disruptive if:
- a. The change and impact is dramatic in society from the technology
 - b. There is a constant flow of small changes in the technology
 - c. The technology has not substantively been present before
 - d. The technology places existing industries out of business
 - e. There is no impact from the technology

ANS: A PTS: 1

9. Each of the following are stages in the technology life cycle according to the S-curve *except*:
- a. embryonic
 - b. growth
 - c. maturity
 - d. aging
 - e. death

ANS: E PTS: 1

10. When a firm uses technology in a(n) ____ manner it employs a technology in a manner not being used by competitors.
- a. Reactive
 - b. Preemptive
 - c. Offensive
 - d. Protective
 - e. Defensive

ANS: C PTS: 1

11. Firms that use technology in a similar manner as other firms in its industry are using it in a(n) ____ manner.
- a. Offensive
 - b. Defensive
 - c. Substitute
 - d. Competitive
 - e. Innovative

ANS: B PTS: 1

12. Sotheby's used technology in a(n) ____ manner by signing an agreement with EBay to gain a competitive advantage over Christie's.
- a. Offensive
 - b. Aggressive
 - c. Defensive
 - d. Reactionary
 - e. Competitive

ANS: A PTS: 1

13. The strategic process DOES NOT include which of the following steps:
- a. Evaluation/Control
 - b. Planning
 - c. Implementation
 - d. Approval
 - e. These are all steps in the strategic process

ANS: D PTS: 1

14. ____ is the gathering of information that leads to the generation of feasible alternatives for the firm.
- a. Planning
 - b. Implementation
 - c. Evaluation
 - d. Control
 - e. Analysis

ANS: A PTS: 1

15. The ____ should identify in relatively few words what is unique about the firm and the scope of activities it wants to pursue.
- a. Goal statement
 - b. Mission
 - c. Prospectus
 - d. Strategic plan
 - e. Industrial analysis

ANS: B PTS: 1

16. Which of the following is not one of the levels of strategy?
- a. Corporate
 - b. Functional
 - c. Industrial
 - d. Business
 - e. All of these choices are levels of strategy

ANS: C PTS: 1

17. Corporate strategy establishes:
- a. How domains such as marketing will operate to achieve strategic goals
 - b. How individual businesses will operate
 - c. What industries and businesses the firm will compete
 - d. How individuals will progress through the corporation
 - e. The defensive use of technology in the firm

ANS: C PTS: 1

18. Business level strategy establishes:
- a. How domains such as marketing will operate to achieve strategic goals
 - b. How individual businesses will operate
 - c. What industries and businesses the firm will compete
 - d. How individuals will progress through the corporation
 - e. The defensive use of technology in the firm

ANS: B PTS: 1

19. Who are the firms or individuals that provide input into the ultimate output of the industry?
- a. Distributors
 - b. Suppliers
 - c. Retailers
 - d. Corporate Headquarters
 - e. Buyers

ANS: B PTS: 1

20. Which is not one of the five forces in Michael Porter's analysis?
- a. Buyers
 - b. Innovators
 - c. Rivalry
 - d. Suppliers
 - e. Substitutes

ANS: B PTS: 1

21. Buyers are strong if all of the following are present *except*:
- a. Buyers buy a large percentage of the industry's output
 - b. Low switching cost
 - c. Large number of sellers in the industry
 - d. The industry is selling a commodity product to the buyers
 - e. There are high capital requirements

ANS: E PTS: 1

22. Suppliers are powerful if:
- a. There are low switching costs
 - b. Customers can only vertically integrate forwards
 - c. The product supplied is unique
 - d. There is low demand for the product
 - e. There are high capital costs

ANS: C PTS: 1

23. The threat of new entrants is high when all of the following are present *except*:
- a. There is strong brand loyalty in the industry
 - b. There are large economies of scale
 - c. Distribution channels are hard to access
 - d. Incumbent firms are not aggressive in their response
 - e. Capital requirements are high

ANS: D PTS: 1

24. Substitutes form:
- a. Price floor
 - b. Price ceiling
 - c. Industry competitors
 - d. A group of products that do exactly the same function
 - e. Troubling issues for most industries

ANS: B PTS: 1

25. Rivalry increases when:
- a. The number of competitors increases
 - b. Demand for product is slowing
 - c. Switching costs are high
 - d. Exit barriers are high
 - e. Strategic payoff is high

ANS: C PTS: 1

26. The higher the _____ the more likely firms are to cut prices and in turn their profits.
- a. New entrants
 - b. Substitutes
 - c. Rivalry
 - d. Suppliers
 - e. Buyers

ANS: C PTS: 1

27. Organized labor would be considered in Porter's five forces model as a:
- a. Supplier
 - b. Substitute
 - c. Potentially lowering rivalry
 - d. Reducing profitability
 - e. Buyer

ANS: A PTS: 1

28. What is a substitute product?
- a. A product that is exactly the same as another
 - b. A product that performs a similar function but is not exactly the same as another
 - c. A completely different product
 - d. A product that goes well with another product
 - e. Another product which customers like

ANS: B PTS: 1

29. Strategic groups are:
- a. Firms from substitute industries
 - b. Firms from the same industry and compete in similar manners
 - c. Firms from the same industry and compete in different manners
 - d. Firms in the same industry that have the same size
 - e. Firms from different industries that are in the same region

ANS: B PTS: 1

30. In a value chain, the primary activities that take place include all *except*:
- a. logistics of inputs
 - b. shipping of the product
 - c. human resource management
 - d. marketing the product
 - e. service

ANS: C PTS: 1

31. In the value chain the support activities that take place include all of the following *except*:
- a. Service
 - b. Human resources management
 - c. Infrastructure
 - d. Technology development
 - e. Procurement

ANS: A PTS: 1

32. Evaluation and control is employed to ____:
- a. Judge what industries the firm should be in
 - b. Ensure the firm is reaching the goals and objectives established
 - c. Evaluate which firms should be in the strategic group
 - d. Reward the top performers in the firm
 - e. Determine the CEO's salary for the year

ANS: B PTS: 1

33. The goals and objectives the firm establishes should be:
- a. Based on balance sheet and income statement
 - b. Financially sophisticated so that stock analysis can understand them
 - c. Developed by the CEO and enforced by the senior management of the firm
 - d. Both quantitative and qualitative
 - e. One no longer than one year in advance

ANS: D PTS: 1

34. The four key perspectives of the balanced score card as defined by Kaplan and Norton include all of the following *except*:
- a. financial
 - b. stakeholder
 - c. customer
 - d. internal business process
 - e. learning

ANS: B PTS: 1

35. Which of the following is the overall set of direction and set of actions that are to be pursued different disciplines within the firm?
- a. Business strategy
 - b. Functional strategy
 - c. Strategic plan
 - d. Corporate strategy
 - e. Defensive strategy

ANS: B PTS: 1

TRUE/FALSE

1. Porters Five Forces Analysis is a firm-level analysis model.

ANS: F PTS: 1

2. The action that eventually led to Polaroid's bankruptcy was their major strategic shift into the digital camera market.

ANS: F PTS: 1

3. The Strategy Process entails: Planning, Forming, Controlling.

ANS: F PTS: 1

4. Substitutes form the price floor for a product.

ANS: F PTS: 1

5. Strategy is not a single act that occurs in a firm. Instead it is a coordinated set of actions that fulfill the firm's objectives, purposes, and goals.

ANS: T PTS: 1

6. A firm uses technology in an offensive manner when it employs a technology in a manner the same as competitors in order to gain a competitive advantage.

ANS: F PTS: 1

7. The planning effort by the firm requires that the firm be clear what the firm's external capabilities are.

ANS: F PTS: 1

8. Economies of scale lowers ability to enter and power of new entrants.

ANS: F PTS: 1

9. In implementation process of the strategy, if the right people or supports are not in place at any one place in the flow, the entire process can be stopped.

ANS: T PTS: 1

10. Firms must constantly seek to actively manage and improve their technological potential.

ANS: T PTS: 1

11. Buyers gain power when the costs of switching to competing brands or substitutes are high.

ANS: F PTS: 1

12. Strategic Planning is a single act that occurs over a given time period which lays out the direction of the firm.

ANS: T PTS: 1

13. Managers must be reactive and make technology a part of the overall strategic efforts of the firm if they want to be successful.

ANS: F PTS: 1

14. Increases in demand for a product increases rivalry in an industry.

ANS: F PTS: 1

15. The root of Porter's Five forces is Industrial Organization economics.

ANS: T PTS: 1

SHORT ANSWER

1. Discuss the two methods in which technology can be employed.

ANS:

Offensive manner

- A firm employs technology in a manner not being used by competitors
- Creates a competitive advantage (lower costs, efficiency and effectiveness)

Defensive manner

- Obtain technology already being used by another firm
- Will not create a competitive advantage
- Goal is to not be at a disadvantage
- Johnson & Johnson example

PTS: 1

2. Discuss the characteristics that increase rivalry in an industry.

ANS:

- number of competitors – as they increase, rivalry increases
- demand for product is slowing increases competition
- when competitors need to increase volume produced to obtain economies of scale, competition increases
- when customers cost to switch among producers is low, it increases competition
- increases in payoff from successful strategic move increases competition
- exit barriers raise competition

PTS: 1

3. Define strategy and strategic planning and differentiate the two concepts.

ANS:

- Strategy is a coordinated set of actions that fulfill the firm's objectives, purposes, and goals.
- Strategic planning is a single act that lays out the direction of the firm.
- Strategic planning is not the same as strategy.

PTS: 1

4. What is a value chain analysis? Why is it important to MTI?

ANS:

- This analysis breaks the firm's activities into primary activities and support activities.
- Primary activities include inbound logistics, operations, outbound activities, marketing and sales, and service.
- Support activities include firm infrastructure, human resource management, technology development, and procurement.

PTS: 1

5. Differentiate the different levels of strategy and their importance to MTI.

ANS:

- Corporate – what businesses the firm will compete
- Business – how those individual businesses will compete
- The simplest form to analyze business strategies are low cost and differentiation
- Functional – how individual functional domains such as marketing, engineering, finance, and accounting help to fulfill the business strategy

PTS: 1

Part 1, Opening Vignette: Laying the Foundation—General Electric: Changing with the Times

MULTIPLE CHOICE

1. GE's long-range strategy is *not* based on which of the following:
 - a. Be global
 - b. Drive innovation
 - c. Build relationships
 - d. Divestment of unrelated business units
 - e. Leverage strengths

ANS: D PTS: 1

2. GE's was founded by the inventor of its first product, the:
 - a. Light bulb
 - b. Ultrasound machine
 - c. Airplane engine
 - d. Radio
 - e. Locomotive

ANS: A PTS: 1

3. GE's new innovation theme, Ecomagination, is focused on:
 - a. New processes in the building of airplane engines
 - b. Energy innovation
 - c. Development of new products in the medical industry
 - d. Innovation in economic and financial institutions
 - e. None of these choices

ANS: B PTS: 1

4. GE can be seen as:
 - a. Being very lucky in the trends it identifies
 - b. Entering trends late but taking advantage of economies of scale to be successful
 - c. Making a wide range of organizational changes to acquire and develop new businesses and products
 - d. Only once making a large scale strategic mistake
 - e. Making strategic choices that require that the firm to lay off most of its employees at that time

ANS: C PTS: 1

SHORT ANSWER

1. Discuss what organizational changes GE had to make as it became more diversified.

ANS:

- Strategy
- Structure
- Workforce
- Communication

PTS: 1

Part 1, Appendix 1—Social Responsibility and Management of Technology and Innovation

MULTIPLE CHOICE

1. Three broad issues that impact a firm's social responsibility include all *except*:
- Sustainability of the environment
 - Corporate social responsibility
 - Ethics of leaders
 - Financial performance of the firm
 - Ethics of individuals

ANS: D PTS: 1

2. Sustainability is a pattern of resource use that is designed to meet ____ needs while preserving the ____.
- Environmental, firm's performance
 - Human, environment
 - Firm, resources
 - Consumer, firm's performance
 - Environmental, environment

ANS: B PTS: 1

3. A strategy for being a positive influence in the general environment must meet all of the below tenets *except*:
- Make use of the best available science
 - Protect, maintain, and rehabilitate ecosystems
 - Base use of resources on well thought out and responsible ways
 - Control for new processes during testing phases to ensure sustainability
 - Do not make trade-offs to reflect societal values

ANS: E PTS: 1

4. Corporate social responsibility is a mechanism that:
- Ensures adherence to law, ethical standards, and positive behavioral norms
 - Ensures good firm performance
 - Should be avoided
 - Is based strictly on the law and no other basis
 - Directly affects stockholders

ANS: A PTS: 1

5. A socially responsible company must recognize the impact of their activities on all of the following *except*:
- environment
 - consumers
 - governmental agencies
 - employees
 - community

ANS: C PTS: 1

6. Sustainability indicators provide knowledge on the interplay between the:
- Firm activities and firm performance
 - Society and societal trends
 - Environment and firm performance
 - Environment, society, and economic activities
 - Firm performance and society

ANS: D PTS: 1

7. Concerns for the firm in the management of technology and innovation in a corporate social responsibility manner revolve around all of the below *except*:
- employees
 - suppliers
 - customers
 - competitors
 - community

ANS: D PTS: 1

8. Social accounting:
- Focuses strictly on firm performance
 - Describes social and environmental effects of a firm's actions on stakeholders
 - Has little relevance in the realm of corporate social responsibility
 - Is conducted by society to monitor firm activities
 - Minimizes organizational costs

ANS: B PTS: 1

9. The benefits of a corporate social responsibility program include all of the following *except*:
- Directed strategic thinking
 - Building reputation with stakeholders
 - Direct positive impact on firm performance
 - Developing trust with stakeholders
 - Managing product and market development

ANS: C PTS: 1

10. Reasons for unethical behavior within organizations include all of the following *except*:
- Poorly designed ethics training programs in the firm
 - Short termed evaluation systems
 - Difficulty in translating strategic goals into operational reality
 - Rationalization of individuals that things will be fine and that their actions have no impact
 - The pressures from external stakeholders

ANS: A PTS: 1