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International Management, 9e **(Deresky)**
Chapter 2 Managing Interdependence, Social Responsibility, and Ethics

1) In recent years, which of the following has lessened the criticisms of MNCs?
A) increasing economic differences among countries
B) greater emphasis on social responsibility by MNCs
C) limited emphasis on social responsibility and ethical behavior
D) dissolution of MNCs in developing countries
Answer: B
Difficulty: 2: Moderate
Chapter: 2
Skill: Concept
LO: 2-1: To understand the social responsibility of corporations toward its various constituencies around the world in particular their responsibilities toward human rights
AACSB: Ethical understanding and reasoning

2) Which of the following concepts includes the expectation that MNCs should be concerned with the social and economic effects of their decisions?
A) macropolitical interdependence
B) international social responsibility
C) corporate technoglobalism
D) moral idealism
Answer: B
Difficulty: 1: Easy
Chapter: 2
Skill: Concept
LO: 2-1: To understand the social responsibility of corporations toward its various constituencies around the world in particular their responsibilities toward human rights
AACSB: Ethical understanding and reasoning

3) Which of the following significantly increases the complexity of social responsibility and ethical behavior of MNCs?
A) distance between the headquarters and the subsidiaries
B) difficulties posed in training managers from different cultures
C) additional stakeholders associated with the firm's activities
D) international laws, regulations, and moral principles
Answer: C
Difficulty: 3: Challenging
Chapter: 2
Skill: Concept
LO: 2-1: To understand the social responsibility of corporations toward its various constituencies around the world in particular their responsibilities toward human rights
AACSB: Ethical understanding and reasoning

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4) Sundew, an American soda company, opened a number of manufacturing units in a developing country. It employed people from the host country to work in the new units. This move radically lowered the poverty rate in the developing country. In this scenario, Sundew is _____.
A) making questionable payments
B) following moral guidelines
C) making a foreign investment
D) adopting local customs
Answer: C
Difficulty: 3: Challenging
Chapter: 2
Skill: Application
LO: 2-1: To understand the social responsibility of corporations toward its various constituencies around the world in particular their responsibilities toward human rights
AACSB: Analytical thinking

5) The Anti-Sweatshop Code of Conduct requires companies to provide a healthy and safe work environment and _____.
A) to differentiate on the basis of gender
B) to pay the prevailing local minimum wage
C) to reduce environmental footprints
D) to employ forced labor when the situation demands it
Answer: B
Difficulty: 2: Moderate
Chapter: 2
Skill: Concept
LO: 2-1: To understand the social responsibility of corporations toward its various constituencies around the world in particular their responsibilities toward human rights
AACSB: Ethical understanding and reasoning

6) Social responsibility, ethical behavior, and interdependence are important concerns to be built into _____.
A) economic control
B) management control
C) corporate sustainability
D) moral idealism
Answer: B
Difficulty: 2: Moderate
Chapter: 2
Skill: Concept
LO: 2-1: To understand the social responsibility of corporations toward its various constituencies around the world in particular their responsibilities toward human rights
AACSB: Ethical understanding and reasoning

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7) Global interdependence creates demands on international managers to take a positive stance on issues of social responsibility and ethical behavior.
Answer: TRUE
Difficulty: 1: Easy
Chapter: 2
Skill: Concept
LO: 2-1: To understand the social responsibility of corporations toward its various constituencies around the world in particular their responsibilities toward human rights
AACSB: Ethical understanding and reasoning

8) Ethnocentric firms typically uses the same business practices in all cultures and markets.
Answer: TRUE
Difficulty: 1: Easy
Chapter: 2
Skill: Concept
LO: 2-1: To understand the social responsibility of corporations toward its various constituencies around the world in particular their responsibilities toward human rights
AACSB: Ethical understanding and reasoning

9) Social responsibility deals with decisions and interactions mostly on an individual level.
Answer: FALSE
Difficulty: 1: Easy
Chapter: 2
Skill: Concept
LO: 2-1: To understand the social responsibility of corporations toward its various constituencies around the world in particular their responsibilities toward human rights
AACSB: Ethical understanding and reasoning

10) Decisions about ethics tend to be made at a local level, affect more people, and reflect a general stance taken by a company or a number of decision makers.
Answer: TRUE
Difficulty: 2: Moderate
Chapter: 2
Skill: Concept
LO: 2-1: To understand the social responsibility of corporations toward its various constituencies around the world in particular their responsibilities toward human rights
AACSB: Ethical understanding and reasoning

11) The sales, debts, and resources of some of the largest multinational firms exceed the gross national product, the public and private debt, and the resources, respectively, of some nations.
Answer: TRUE
Difficulty: 2: Moderate
Chapter: 2
Skill: Concept
LO: 2-1: To understand the social responsibility of corporations toward its various constituencies around the world in particular their responsibilities toward human rights
AACSB: Application of knowledge

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12) The increased complexity regarding the social responsibility and ethical behavior of firms across borders is brought about by the distance between the headquarters and its subsidiaries.
Answer: FALSE
Difficulty: 2: Moderate
Chapter: 2
Skill: Concept
LO: 2-1: To understand the social responsibility of corporations toward its various constituencies around the world in particular their responsibilities toward human rights
AACSB: Ethical understanding and reasoning

13) What is the difference between ethics and social responsibility? What are some of the social responsibility issues that MNCs must consider?
Answer: Ethics deals with decisions and interactions on an individual basis, while social responsibility deals with broader decisions that affect the entire corporation. Issues of social responsibility for MNCs continue to center on the poverty and lack of equal opportunity around the world, the environment, consumer concerns, and employee safety and welfare.
Difficulty: 3: Challenging
Chapter: 2
Skill: Synthesis
LO: 2-1: To understand the social responsibility of corporations toward its various constituencies around the world in particular their responsibilities toward human rights
AACSB: Analytical thinking

14) What level of social responsibility is expected from domestic firms? What level is expected from international firms?
Answer: Opinions on the level of social responsibility that a domestic firm should demonstrate range from one extreme–the only responsibility of a business is to make a profit, within the confines of the law, in order to produce goods and services and serve its shareholders' interests–to another extreme–companies should anticipate and try to solve problems in society. The stance toward social responsibility that a firm should take in its international operations, however, is much more complex–ranging perhaps from assuming some responsibility for economic development in a subsidiary's host country to taking an active role in identifying and solving world problems.
Difficulty: 3: Challenging
Chapter: 2
Skill: Concept
LO: 2-1: To understand the social responsibility of corporations toward its various constituencies around the world in particular their responsibilities toward human rights
AACSB: Ethical understanding and reasoning

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15) Which of the following is a business benefit from corporate social responsibility?
A) revenue decreases
B) cost increases
C) increase in brand value
D) risk assessment
Answer: C
Difficulty: 2: Moderate
Chapter: 2
Skill: Concept
LO: 2-2: To acknowledge the strategic role that ethics must play in global management and provide guidance to managers to maintain ethical behavior amid the varying standards and practices around the world
AACSB: Ethical understanding and reasoning

16) Which of the following terms refers to an integration of the business environments in which firms currently operate, resulting from a dissolution of traditional boundaries and from increasing links among MNCs?
A) operative culture
B) global corporate culture
C) corporate integration
D) moral universalism
Answer: B
Difficulty: 1: Easy
Chapter: 2
Skill: Concept
LO: 2-2: To acknowledge the strategic role that ethics must play in global management and provide guidance to managers to maintain ethical behavior amid the varying standards and practices around the world
AACSB: Application of knowledge

17) Moral universalism is the need for a moral standard that is accepted by all _____.
A) corporations
B) governments
C) cultures
D) employees
Answer: C
Difficulty: 1: Easy
Chapter: 2
Skill: Concept
LO: 2-2: To acknowledge the strategic role that ethics must play in global management and provide guidance to managers to maintain ethical behavior amid the varying standards and practices around the world
AACSB: Ethical understanding and reasoning

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18) With an ethnocentric approach, a company applies the morality used in its _____.
A) host nation
B) industry
C) general society
D) home country
Answer: D
Difficulty: 1: Easy
Chapter: 2
Skill: Concept
LO: 2-2: To acknowledge the strategic role that ethics must play in global management and provide guidance to managers to maintain ethical behavior amid the varying standards and practices around the world
AACSB: Ethical understanding and reasoning

19) McDonald's, a fast-food chain headquartered in the United States, applies the morality it practices in the United States to all foreign countries in which it operates. McDonald's is adhering to _____.
A) moral universalism
B) ethical relativism
C) ethnocentrism
D) geocentrism
Answer: C
Difficulty: 2: Moderate
Chapter: 2
Skill: Application
LO: 2-2: To acknowledge the strategic role that ethics must play in global management and provide guidance to managers to maintain ethical behavior amid the varying standards and practices around the world
AACSB: Analytical thinking

20) A company subscribing to ethical relativism would implement the morality of the _____.
A) host country
B) shareholders
C) legal system
D) home country
Answer: A
Difficulty: 2: Moderate
Chapter: 2
Skill: Concept
LO: 2-2: To acknowledge the strategic role that ethics must play in global management and provide guidance to managers to maintain ethical behavior amid the varying standards and practices around the world
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21) Which of the following often forces the MNC to act in accordance with ethnocentric value systems?
A) moral universalism
B) environmental policies in the home country
C) public pressure in the home country
D) media pressure
Answer: C
Difficulty: 2: Moderate
Chapter: 2
Skill: Concept
LO: 2-2: To acknowledge the strategic role that ethics must play in global management and provide guidance to managers to maintain ethical behavior amid the varying standards and practices around the world
AACSB: Application of knowledge

22) Creating Shared Value (CSV) creates _____.
A) economic value by creating shared value
B) social value by increasing shared value
C) economic value by creating social value
D) social value by increasing market value
Answer: C
Difficulty: 1: Easy
Chapter: 2
Skill: Concept
LO: 2-2: To acknowledge the strategic role that ethics must play in global management and provide guidance to managers to maintain ethical behavior amid the varying standards and practices around the world
AACSB: Application of knowledge

23) Which of the following creates shared value?
A) creating social value by creating economic value
B) disabling local cluster development
C) reconceiving products and markets
D) creating economic value by creating social value
Answer: C
Difficulty: 2: Moderate
Chapter: 2
Skill: Concept
LO: 2-2: To acknowledge the strategic role that ethics must play in global management and provide guidance to managers to maintain ethical behavior amid the varying standards and practices around the world
AACSB: Application of knowledge

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24) Which of the following is a policy of the Electronic Industry Code of Conduct (EICC)?
A) Excessive overtime can be propagated if it benefits the company.
B) Child labor can be allowed when there is a shortage of employees.
C) Contract manufacturers should follow some basic environmental requirements.
D) Factory inspection should be limited to the headquarters.
Answer: C
Difficulty: 2: Moderate
Chapter: 2
Skill: Concept
LO: 2-2: To acknowledge the strategic role that ethics must play in global management and provide guidance to managers to maintain ethical behavior amid the varying standards and practices around the world
AACSB: Ethical understanding and reasoning

25) Primo is a multinational enterprise based in California that manufactures and sells affordably priced athletic shoes in retail stores around the world. A Primo manufacturing subsidiary in China employs over 20,000 locals. Primo executives recently learned of human rights violations at the firm's China subsidiary. Workers had been forced to work more than 60 hours each week and minimum wage laws were regularly ignored. As a result, Primo executives need to decide if operations in China should be discontinued. Which of the following, if true, would best support a decision by Primo to remain in China?
A) Primo becomes SA8000 certified.
B) Sales of Primo's competitors drop sharply.
C) U.S. manufacturing jobs decrease in number.
D) More service sector jobs become available in China.
Answer: A
Difficulty: 3: Challenging
Chapter: 2
Skill: Application
LO: 2-2: To acknowledge the strategic role that ethics must play in global management and provide guidance to managers to maintain ethical behavior amid the varying standards and practices around the world
AACSB: Analytical thinking

26) Which of the following is one of the standards of SA8000?
A) reducing environmental footprints
B) providing a safe work environment
C) not allowing workers to unionize
D) regularly require more than 48-hour workweeks
Answer: B
Difficulty: 3: Challenging
Chapter: 2
Skill: Concept
LO: 2-2: To acknowledge the strategic role that ethics must play in global management and provide guidance to managers to maintain ethical behavior amid the varying standards and practices around the world
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27) Transparency International is best described as a(n) _____.
A) international committee that monitors electronic data privacy laws
B) nongovernmental organization that fights corruption
C) nonprofit organization that argues for workplace equality
D) nonprofit group that raises awareness about human rights violations
Answer: B
Difficulty: 3: Challenging
Chapter: 2
Skill: Concept
LO: 2-2: To acknowledge the strategic role that ethics must play in global management and provide guidance to managers to maintain ethical behavior amid the varying standards and practices around the world
AACSB: Ethical understanding and reasoning

28) Which of the following is a primary focus of the research that is carried out by Transparency International?
A) relative prevalence of bribery in various spheres of people's lives
B) existence of child labor in various developing countries
C) relative prevalence of dictatorship in various countries
D) existence of bonded labor in various countries
Answer: A
Difficulty: 3: Challenging
Chapter: 2
Skill: Concept
LO: 2-2: To acknowledge the strategic role that ethics must play in global management and provide guidance to managers to maintain ethical behavior amid the varying standards and practices around the world
AACSB: Ethical understanding and reasoning

29) Which of the following is considered the primary problem for MNCs attempting to define their corporate-wide ethics?
A) inconsistencies among international laws
B) variations in ethical standards around the world
C) corruption within legal organizations
D) differences in worldwide religions
Answer: B
Difficulty: 3: Challenging
Chapter: 2
Skill: Concept
LO: 2-2: To acknowledge the strategic role that ethics must play in global management and provide guidance to managers to maintain ethical behavior amid the varying standards and practices around the world
AACSB: Ethical understanding and reasoning

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30) Which of the following is dedicated to monitoring issues of data privacy in Europe?
A) the Telecommunications Data Protection directive
B) the EU Data Retention Directive
C) the EU Directive of Data Protection
D) the Privacy and Electronic Communications EC Directive
Answer: C
Difficulty: 3: Challenging
Chapter: 2
Skill: Concept
LO: 2-2: To acknowledge the strategic role that ethics must play in global management and provide guidance to managers to maintain ethical behavior amid the varying standards and practices around the world
AACSB: Ethical understanding and reasoning

31) Payments to expedite routine transactions are often referred to as _____.
A) slotting fees
B) grease money
C) gray funds
D) expropriation
Answer: B
Difficulty: 1: Easy
Chapter: 2
Skill: Concept
LO: 2-2: To acknowledge the strategic role that ethics must play in global management and provide guidance to managers to maintain ethical behavior amid the varying standards and practices around the world
AACSB: Ethical understanding and reasoning

32) Tokens of appreciation and grease money are considered _____.
A) cultural reward systems
B) questionable payments
C) sales commissions
D) business expenses
Answer: B
Difficulty: 1: Easy
Chapter: 2
Skill: Concept
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33) The Foreign Corrupt Practices Act of 1977 was primarily established to _____.
A) distinguish between harmless customs and actual bribery
B) combat corruption initiated by electronics firms and their subsidiaries
C) provide managers with anonymous methods for reporting bribery
D) prosecute international extortionists under the U.S. legal system
Answer: A
Difficulty: 3: Challenging
Chapter: 2
Skill: Concept
LO: 2-2: To acknowledge the strategic role that ethics must play in global management and provide guidance to managers to maintain ethical behavior amid the varying standards and practices around the world
AACSB: Ethical understanding and reasoning

34) Which of the following prohibits U.S. companies from making illegal payments or other gifts or political contributions to foreign government officials for the purposes of influencing them in business transactions?
A) Sherman Antitrust Act
B) Robinson-Patman Act
C) Wagner Corruption Act
D) Foreign Corrupt Practices Act
Answer: D
Difficulty: 1: Easy
Chapter: 2
Skill: Concept
LO: 2-2: To acknowledge the strategic role that ethics must play in global management and provide guidance to managers to maintain ethical behavior amid the varying standards and practices around the world
AACSB: Ethical understanding and reasoning

35) Which of the following was the primary purpose of the Organization for Economic Cooperation and Development Convention on Bribery?
A) to establish bribery laws
B) to quantify global corruption
C) to combat corporate corruption
D) to protect corporate bribery whistleblowers
Answer: C
Difficulty: 2: Moderate
Chapter: 2
Skill: Concept
LO: 2-2: To acknowledge the strategic role that ethics must play in global management and provide guidance to managers to maintain ethical behavior amid the varying standards and practices around the world
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36) One of the primary complaints about the Foreign Corrupt Practices Act is that the legislation _____.
A) puts U.S. firms at a competitive disadvantage
B) fails to enforce equal punishments on U.S. firms
C) encourages U.S. managers to hire local agents
D) requires U.S. firms to adhere to host country laws
Answer: A
Difficulty: 3: Challenging
Chapter: 2
Skill: Concept
LO: 2-2: To acknowledge the strategic role that ethics must play in global management and provide guidance to managers to maintain ethical behavior amid the varying standards and practices around the world
AACSB: Ethical understanding and reasoning

37) Which of the following shows that employees have understood, and signed off on, the legal obligations regarding bribery and corruption in the countries where they do business?
A) having global interdependence
B) having a global compliance system
C) adhering to globalization
D) adhering to commercialization
Answer: B
Difficulty: 2: Moderate
Chapter: 2
Skill: Concept
LO: 2-2: To acknowledge the strategic role that ethics must play in global management and provide guidance to managers to maintain ethical behavior amid the varying standards and practices around the world
AACSB: Ethical understanding and reasoning

38) The FCPA allows "grease" payments to facilitate business in a foreign country, if _____.
A) the purpose of payment is beneficial to the home country
B) the purpose of payment is beneficial to the company
C) those payments are lawful in that country
D) those payments are a small amount compared to the revenue generated
Answer: C
Difficulty: 2: Moderate
Chapter: 2
Skill: Concept
LO: 2-2: To acknowledge the strategic role that ethics must play in global management and provide guidance to managers to maintain ethical behavior amid the varying standards and practices around the world
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39) Which of the following is the first step of making an ethical decision?
A) consulting the International Codes of Conduct for MNEs
B) consulting the superiors if clarification is sought
C) consulting the company's code of ethics and established norms
D) consulting the laws of both the host and the home countries
Answer: D
Difficulty: 2: Moderate
Chapter: 2
Skill: Concept
LO: 2-2: To acknowledge the strategic role that ethics must play in global management and provide guidance to managers to maintain ethical behavior amid the varying standards and practices around the world
AACSB: Ethical understanding and reasoning

40) Which of the following is the last step of making an ethical decision?
A) consulting your superiors if you still need clarification
B) following your own conscience and moral code
C) consulting the company's code of ethics and established norms
D) weighing stakeholders' rights
Answer: B
Difficulty: 2: Moderate
Chapter: 2
Skill: Concept
LO: 2-2: To acknowledge the strategic role that ethics must play in global management and provide guidance to managers to maintain ethical behavior amid the varying standards and practices around the world
AACSB: Ethical understanding and reasoning

41) John, an American national, works as a manager at his firm's subsidiary in Indonesia. A local government official tells John that materials could be delivered to the firm's facility more quickly if John pays an extra fee to the port supervisor. What should be John's first action?
A) consult his supervisor in the United States
B) discuss the issue with his local agent
C) refer to the company's code of ethics
D) consult both American and Indonesian laws
Answer: D
Difficulty: 2: Moderate
Chapter: 2
Skill: Application
LO: 2-2: To acknowledge the strategic role that ethics must play in global management and provide guidance to managers to maintain ethical behavior amid the varying standards and practices around the world
AACSB: Analytical thinking

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42) Improved customer attraction and retention; improved reputation; and improved employee recruitment, motivation, and retention are business benefits of corporate social responsibility.
Answer: TRUE
Difficulty: 2: Moderate
Chapter: 2
Skill: Concept
LO: 2-2: To acknowledge the strategic role that ethics must play in global management and provide guidance to managers to maintain ethical behavior amid the varying standards and practices around the world
AACSB: Ethical understanding and reasoning

43) Ethnocentric culture is an integration of the business environments in which firms currently operate.
Answer: FALSE
Difficulty: 2: Moderate
Chapter: 2
Skill: Concept
LO: 2-2: To acknowledge the strategic role that ethics must play in global management and provide guidance to managers to maintain ethical behavior amid the varying standards and practices around the world
AACSB: Diverse and multicultural work environments

44) The term "moral idealism" is used to address the need for a moral standard that is accepted by all cultures.
Answer: FALSE
Difficulty: 1: Easy
Chapter: 2
Skill: Concept
LO: 2-2: To acknowledge the strategic role that ethics must play in global management and provide guidance to managers to maintain ethical behavior amid the varying standards and practices around the world
AACSB: Ethical understanding and reasoning

45) Ethical relativism adopts the local moral code of the country in which it is operating.
Answer: TRUE
Difficulty: 1: Easy
Chapter: 2
Skill: Concept
LO: 2-2: To acknowledge the strategic role that ethics must play in global management and provide guidance to managers to maintain ethical behavior amid the varying standards and practices around the world
AACSB: Ethical understanding and reasoning

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46) In a globalized market economy, CSR does not have to be part of modern business.
Answer: FALSE
Difficulty: 1: Easy
Chapter: 2
Skill: Concept
LO: 2-2: To acknowledge the strategic role that ethics must play in global management and provide guidance to managers to maintain ethical behavior amid the varying standards and practices around the world
AACSB: Ethical understanding and reasoning

47) Creating Shared Value (CSV) leverages the unique resources and expertise of the company to create social value by creating economic value.
Answer: FALSE
Difficulty: 2: Moderate
Chapter: 2
Skill: Concept
LO: 2-2: To acknowledge the strategic role that ethics must play in global management and provide guidance to managers to maintain ethical behavior amid the varying standards and practices around the world
AACSB: Ethical understanding and reasoning

48) Globalization has increased the ethical problems facing organizations.
Answer: TRUE
Difficulty: 1: Easy
Chapter: 2
Skill: Concept
LO: 2-2: To acknowledge the strategic role that ethics must play in global management and provide guidance to managers to maintain ethical behavior amid the varying standards and practices around the world
AACSB: Ethical understanding and reasoning

49) Global corporate culture refers to the business conduct or morals of MNCs in their relationships with individuals and entities.
Answer: FALSE
Difficulty: 2: Moderate
Chapter: 2
Skill: Concept
LO: 2-2: To acknowledge the strategic role that ethics must play in global management and provide guidance to managers to maintain ethical behavior amid the varying standards and practices around the world
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50) The biggest single problem for MNCs in their attempt to define a corporate-wide ethical posture is the great variation of ethical standards around the world.
Answer: TRUE
Difficulty: 2: Moderate
Chapter: 2
Skill: Concept
LO: 2-2: To acknowledge the strategic role that ethics must play in global management and provide guidance to managers to maintain ethical behavior amid the varying standards and practices around the world
AACSB: Ethical understanding and reasoning

51) The Foreign Corrupt Practices Act (FCPA) allows U.S. companies from making illegal payments, other gifts, or political contributions to foreign government officials for the purpose of influencing them in business transactions.
Answer: FALSE
Difficulty: 3: Challenging
Chapter: 2
Skill: Concept
LO: 2-2: To acknowledge the strategic role that ethics must play in global management and provide guidance to managers to maintain ethical behavior amid the varying standards and practices around the world
AACSB: Ethical understanding and reasoning

52) What is the relationship between global corporate culture and moral universalism?
Answer: The emergence of a global corporate culture (i.e., the integration of the business environments in which businesses operate) is leading towards global consensus about social responsibility (i.e., moral universalism). Despite this trend, however, there are regional variations in how companies respond to corporate social responsibility.
Difficulty: 3: Challenging
Chapter: 2
Skill: Synthesis
LO: 2-2: To acknowledge the strategic role that ethics must play in global management and provide guidance to managers to maintain ethical behavior amid the varying standards and practices around the world
AACSB: Analytical thinking

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53) Explain the differences between moral universalism, ethnocentrism, and ethical relativism. Which approach is best?
Answer: When using the ethnocentric approach, the company applies the morality of its home country. In contrast, a company using ethical relativism adopts the moral code of the country in which it is doing business. Moral universalism is different in that it neither applies a moral code that is based on the home or host country, but rather uses a set of universal standards or codes that are derived from international codes of conduct. Ethics researcher Bowie argues that moral universalism is preferable to ethnocentrism and relativism as a guide for ethical decision making.
Difficulty: 3: Challenging
Chapter: 2
Skill: Critical Thinking
LO: 2-2: To acknowledge the strategic role that ethics must play in global management and provide guidance to managers to maintain ethical behavior amid the varying standards and practices around the world
AACSB: Analytical thinking

54) What are the proposed global labor standards of SA8000?
Answer: The five proposed global labor standards include: (1) do not use child or forced labor, (2) provide a safe working environment, (3) respect workers' right to unionize, (4) do not regularly require more than 48-hour work weeks, and (5) pay wages sufficient to meet workers' basic needs.
Difficulty: 2: Moderate
Chapter: 2
Skill: Concept
LO: 2-2: To acknowledge the strategic role that ethics must play in global management and provide guidance to managers to maintain ethical behavior amid the varying standards and practices around the world
AACSB: Application of knowledge

55) According to the international codes of conduct, how should MNEs handle technology transfer overseas?
Answer: MNEs should cooperate with governmental authorities in assessing the impact of transfers of technology to developing countries and in enhancing the technological capacities of developing countries. MNEs should develop and adapt technologies to the needs and characteristics of the countries in which they operate. MNEs should conduct research and development activities in developing countries, using local resources and personnel to the greatest extent possible.
Difficulty: 3: Challenging
Chapter: 2
Skill: Concept
LO: 2-2: To acknowledge the strategic role that ethics must play in global management and provide guidance to managers to maintain ethical behavior amid the varying standards and practices around the world
AACSB: Ethical understanding and reasoning

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56) What employment practices should MNEs follow abroad according to the international codes of conduct?
Answer: MNEs should cooperate with host governments' efforts to create employment opportunities in particular localities. MNEs should work to increase employment opportunities and standards in the countries in which they operate. MNEs should give advance notice of plant closures and mitigate the resultant adverse effects. MNEs should provide standards of employment equal to or better than those of comparable employers in the countries in which they operate. MNEs should pay, at minimum, basic living wages.
Difficulty: 3: Challenging
Chapter: 2
Skill: Concept
LO: 2-2: To acknowledge the strategic role that ethics must play in global management and provide guidance to managers to maintain ethical behavior amid the varying standards and practices around the world
AACSB: Ethical understanding and reasoning

57) What is the primary problem for MNCs that try to define organizational ethics?
Answer: The biggest single problem for MNCs in their attempt to define a corporate-wide ethical posture is the great variation of ethical standards around the world. Many practices that are considered unethical or even illegal in some countries are accepted ways of doing business in others.
Difficulty: 3: Challenging
Chapter: 2
Skill: Concept
LO: 2-2: To acknowledge the strategic role that ethics must play in global management and provide guidance to managers to maintain ethical behavior amid the varying standards and practices around the world
AACSB: Ethical understanding and reasoning

58) What are questionable payments? Why are they problematic for international managers?
Answer: Questionable payments are business payments that raise significant questions of appropriate moral behavior either in the host nation or in other nations. Such questions arise out of differences in laws, customs, and ethics in various countries, whether the payments in question are political payments, extortion, bribes, sales commissions, or "grease money"—payments to expedite routine transactions. The dilemma for Americans operating abroad is how much to adhere to their own ethical standards in the face of foreign customs, or how much to follow local ways to be competitive.
Difficulty: 3: Challenging
Chapter: 2
Skill: Concept
LO: 2-2: To acknowledge the strategic role that ethics must play in global management and provide guidance to managers to maintain ethical behavior amid the varying standards and practices around the world
AACSB: Ethical understanding and reasoning

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59) According to the international codes of conduct, the MNE behavior toward the host government is related to _____.
A) economic and developmental policies, laws and regulations, and political involvement
B) political involvement, technology transfer, and environmental protection
C) political involvement, communication practices, and laws and regulations
D) laws and regulations, technology transfer, and communication practices
Answer: A
Difficulty: 2: Moderate
Chapter: 2
Skill: Concept
LO: 2-3: To recognize the importance of managing interdependence and to include sustainability in their long-term plans
AACSB: Ethical understanding and reasoning

60) According to the international codes of conduct, MNEs should _____.
A) resolve disputes according to the domestic law of the home country
B) dominate the capital markets in which their operations are based
C) use inexpensive, imported sources for components and raw materials
D) conduct research and development activities in developing countries
Answer: D
Difficulty: 3: Challenging
Chapter: 2
Skill: Concept
LO: 2-3: To recognize the importance of managing interdependence and to include sustainability in their long-term plans
AACSB: Ethical understanding and reasoning

61) According to the international codes of conduct, the MNE behavior toward the public is related to _____.
A) technology transfer and environmental protection
B) development policies
C) economic and developmental policies
D) laws and regulations
Answer: A
Difficulty: 2: Moderate
Chapter: 2
Skill: Concept
LO: 2-3: To recognize the importance of managing interdependence and to include sustainability in their long-term plans
AACSB: Ethical understanding and reasoning

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62) According to international codes of conduct, which of the following is related to the MNE behavior toward persons?
A) human rights
B) laws and regulations
C) development policies
D) political involvement
Answer: A
Difficulty: 2: Moderate
Chapter: 2
Skill: Concept
LO: 2-3: To recognize the importance of managing interdependence and to include sustainability in their long-term plans
AACSB: Ethical understanding and reasoning

63) According to international codes of conduct, which of the following is related to the MNE behavior toward persons?
A) political involvement
B) employment practices
C) environmental protection
D) laws and regulations
Answer: B
Difficulty: 2: Moderate
Chapter: 2
Skill: Concept
LO: 2-3: To recognize the importance of managing interdependence and to include sustainability in their long-term plans
AACSB: Ethical understanding and reasoning

64) According to international codes of conduct, which of the following is related to the MNE behavior toward persons?
A) consumer protection
B) environmental protection
C) political involvement
D) technology transfer
Answer: A
Difficulty: 2: Moderate
Chapter: 2
Skill: Concept
LO: 2-3: To recognize the importance of managing interdependence and to include sustainability in their long-term plans
AACSB: Ethical understanding and reasoning

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65) _____ refers to the business conduct or morals of MNCs in their relationships with individuals and entities.
A) Global corporate culture
B) Ethical relativism
C) Moral universalism
D) International business ethics
Answer: D
Difficulty: 1: Easy
Chapter: 2
Skill: Concept
LO: 2-3: To recognize the importance of managing interdependence and to include sustainability in their long-term plans
AACSB: Ethical understanding and reasoning

66) According to Robertson and Crittenden, which of the following has made integrating an ethical component into international strategic decisions, challenging?
A) corporate ethics
B) cultural constraints
C) natural resources
D) political stability
Answer: B
Difficulty: 2: Moderate
Chapter: 2
Skill: Concept
LO: 2-3: To recognize the importance of managing interdependence and to include sustainability in their long-term plans
AACSB: Diverse and multicultural work environments

67) The profitability of individual companies depends on a cooperative and constructive attitude toward _____.
A) moral idealism
B) macropolitical interdependence
C) global interdependence
D) corporate technoglobalism
Answer: C
Difficulty: 2: Moderate
Chapter: 2
Skill: Concept
LO: 2-3: To recognize the importance of managing interdependence and to include sustainability in their long-term plans
AACSB: Application of knowledge

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68) Which of the following MNC subsidiary activities is blamed for rising interest rates in host countries?
A) transferring in inappropriate technology
B) dissolving local labor unions
C) raising capital from local sources
D) filling key jobs with expatriates
Answer: C
Difficulty: 2: Moderate
Chapter: 2
Skill: Concept
LO: 2-3: To recognize the importance of managing interdependence and to include sustainability in their long-term plans
AACSB: Application of knowledge

69) Which of the following best defines the concept of managing interdependence?
A) the effective management of a long-term, MNC subsidiary—host-country relationship through cooperation and consideration for host concerns
B) the process by which international managers accept and enact their role in the preservation of ecological balance on the earth
C) the process by which a firm grants the rights to a firm in the host country to produce or sell a product
D) the effective development of strategies that involve designing and operating systems, and working with people around the world to ensure sustained competitive advantage
Answer: A
Difficulty: 2: Moderate
Chapter: 2
Skill: Concept
LO: 2-3: To recognize the importance of managing interdependence and to include sustainability in their long-term plans
AACSB: Application of knowledge

70) Which of the following terms refers to the practice by a country of rallying public opinion in favor of national goals and against foreign influences?
A) nationalism
B) privatization
C) protectionism
D) governmentalism
Answer: A
Difficulty: 1: Easy
Chapter: 2
Skill: Concept
LO: 2-3: To recognize the importance of managing interdependence and to include sustainability in their long-term plans
AACSB: Application of knowledge

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71) Which of the following terms refers to a country's use of tariff and nontariff barriers to partially or completely close its borders to various imported products that would compete with domestic products?
A) nationalism
B) privatization
C) protectionism
D) governmentalism
Answer: C
Difficulty: 1: Easy
Chapter: 2
Skill: Concept
LO: 2-3: To recognize the importance of managing interdependence and to include sustainability in their long-term plans
AACSB: Application of knowledge

72) Under governmentalism, the government uses its policy-setting role to favor the interests of _____.
A) a national company
B) the nation
C) a foreign company
D) foreign investors
Answer: B
Difficulty: 2: Moderate
Chapter: 2
Skill: Concept
LO: 2-3: To recognize the importance of managing interdependence and to include sustainability in their long-term plans
AACSB: Application of knowledge

73) Which of the following is most likely a benefit to host countries with MNC operations?
A) risk sharing
B) export diversification
C) decrease of local capital
D) creation of assembly-only plants
Answer: B
Difficulty: 2: Moderate
Chapter: 2
Skill: Concept
LO: 2-3: To recognize the importance of managing interdependence and to include sustainability in their long-term plans
AACSB: Application of knowledge

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74) Primo is a multinational enterprise based in California that manufactures and sells affordably priced athletic shoes in retail stores around the world. A Primo manufacturing subsidiary in China employs over 20,000 locals. Primo executives recently learned of human rights violations at the firm's China subsidiary. Workers had been forced to work more than 60 hours each week, and minimum wage laws were regularly ignored. As a result, Primo executives need to decide whether to continue operations in China. Which of the following is MOST relevant to the decision by Primo to remain in China?
A) the extent of effect that bribery has on decisions made by Primo's global managers in China
B) the methods of dealing with the hazardous waste created by Primo's China manufacturing facility
C) the benefits that the local Chinese community might have
D) the changes that need to be made by Primo managers to show more respect for the Chinese culture
Answer: C
Difficulty: 3: Challenging
Chapter: 2
Skill: Critical Thinking
LO: 2-3: To recognize the importance of managing interdependence and to include sustainability in their long-term plans
AACSB: Analytical thinking

75) Under governmentalism, the government uses its policy-setting role to favor national interests, rather than relying on _____.
A) market forces
B) stockholder interests
C) competitive analysis
D) environmental standards
Answer: A
Difficulty: 2: Moderate
Chapter: 2
Skill: Concept
LO: 2-3: To recognize the importance of managing interdependence and to include sustainability in their long-term plans
AACSB: Application of knowledge

76) Which of the following is a potential benefit to the host country of MNC operation?
A) increased competition for local scarce capital
B) competition for scarce skills
C) increased interest rates as supply of local capital decreases
D) infrastructure development and support
Answer: D
Difficulty: 2: Moderate
Chapter: 2
Skill: Concept
LO: 2-3: To recognize the importance of managing interdependence and to include sustainability in their long-term plans
AACSB: Application of knowledge

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77) _____ lies at the intersection of financial, social, and environmental health—sometimes described as the "triple bottom line."
A) Sustainability
B) Technoglobalism
C) Protectionism
D) Privatization
Answer: A
Difficulty: 2: Moderate
Chapter: 2
Skill: Concept
LO: 2-3: To recognize the importance of managing interdependence and to include sustainability in their long-term plans
AACSB: Ethical understanding and reasoning

78) Which of the following terms refers to adopting business strategies and activities that meet the needs of the enterprise and its stakeholders today, while protecting, maintaining, and enhancing the human and natural resources that will be needed in the future?
A) privatization
B) protectionism
C) sustainability
D) technoglobalism
Answer: C
Difficulty: 1: Easy
Chapter: 2
Skill: Concept
LO: 2-3: To recognize the importance of managing interdependence and to include sustainability in their long-term plans
AACSB: Ethical understanding and reasoning

79) In recent years, the export of hazardous wastes from developed countries to less developed ones has _____.
A) decreased considerably
B) remained about the same
C) increased significantly
D) been banned by the EU
Answer: C
Difficulty: 1: Easy
Chapter: 2
Skill: Concept
LO: 2-3: To recognize the importance of managing interdependence and to include sustainability in their long-term plans
AACSB: Ethical understanding and reasoning

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80) Which of the following is the main reason why companies dispose hazardous wastes in less developed countries?
A) international agreements
B) weak regulations and low costs
C) advanced waste disposal plants
D) large amounts of available land
Answer: B
Difficulty: 1: Easy
Chapter: 2
Skill: Concept
LO: 2-3: To recognize the importance of managing interdependence and to include sustainability in their long-term plans
AACSB: Ethical understanding and reasoning

81) If MNCs want to take the lead in dealing with ecological interdependence, then they most likely need to _____.
A) comply with international environmental regulations
B) incorporate sustainability goals into strategic planning
C) invest all profits into recycling and renewing resources around the world
D) work with foreign governments to draft global environmental protection legislation
Answer: B
Difficulty: 3: Challenging
Chapter: 2
Skill: Concept
LO: 2-3: To recognize the importance of managing interdependence and to include sustainability in their long-term plans
AACSB: Ethical understanding and reasoning

82) Which of the following concepts requires that an industrial system be viewed not in isolation from its surrounding systems, but in concert with them?
A) industrial ecology
B) industrial engineering
C) ecological succession
D) ecological shadow
Answer: A
Difficulty: 1: Easy
Chapter: 2
Skill: Concept
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AACSB: Ethical understanding and reasoning

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83) _____ is a systems view in which one seeks to optimize the total materials cycle from virgin material, to finished material, to component, to product, to obsolete product, and to ultimate disposal.
A) Industrial engineering
B) Ecological succession
C) Ecological shadow
D) Industrial ecology
Answer: D
Difficulty: 1: Easy
Chapter: 2
Skill: Concept
LO: 2-3: To recognize the importance of managing interdependence and to include sustainability in their long-term plans
AACSB: Application of knowledge

84) _____ model provides a system for examining, measuring, and managing the drivers of corporate sustainability.
A) Epstein's
B) Buhovac's
C) Willard's
D) Atkisson's
Answer: A
Difficulty: 2: Moderate
Chapter: 2
Skill: Concept
LO: 2-3: To recognize the importance of managing interdependence and to include sustainability in their long-term plans
AACSB: Ethical understanding and reasoning

85) When managing interdependence, international managers must go beyond general issues of social responsibility and deal with the specific concerns of the MNC subsidiary—host country relationship.
Answer: TRUE
Difficulty: 3: Challenging
Chapter: 2
Skill: Concept
LO: 2-3: To recognize the importance of managing interdependence and to include sustainability in their long-term plans
AACSB: Application of knowledge

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86) Under nationalism, the host institutes a partial or complete closing of borders to withstand competitive foreign products, using tariff and nontariff barriers.
Answer: FALSE
Difficulty: 2: Moderate
Chapter: 2
Skill: Concept
LO: 2-3: To recognize the importance of managing interdependence and to include sustainability in their long-term plans
AACSB: Application of knowledge

87) Under governmentalism, the government uses its policy-setting role to favor national interests, rather than relying on market forces.
Answer: TRUE
Difficulty: 1: Easy
Chapter: 2
Skill: Concept
LO: 2-3: To recognize the importance of managing interdependence and to include sustainability in their long-term plans
AACSB: Application of knowledge

88) Under protectionism, public opinion is rallied in favor of national goals and against foreign influences.
Answer: FALSE
Difficulty: 2: Moderate
Chapter: 2
Skill: Concept
LO: 2-3: To recognize the importance of managing interdependence and to include sustainability in their long-term plans
AACSB: Ethical understanding and reasoning

89) What is sustainable development? Why is sustainability a dilemma for MNCs?
Answer: Sustainable development for business enterprises involves adopting business strategies and activities that meet the needs of the enterprise and its stakeholders today, while protecting, sustaining, and enhancing the human and natural resources that will be needed in the future. The dilemma for corporations is that they are faced with trying to meet two often contradictory requirements: (1) selling at low prices and (2) being environmentally and socially conscious. However, competitive pressures limit the company's ability to raise prices in order to cover the cost of socially responsible policies. This is obviously contradictory to the well-being of societies.
Difficulty: 3: Challenging
Chapter: 2
Skill: Concept
LO: 2-3: To recognize the importance of managing interdependence and to include sustainability in their long-term plans
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