

Chapter 2 Managing Interdependence Social Responsibility, Ethics, Sustainability

- 1) 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 U.S.
 - B) discuss the issue with his local agent
 - C) refer to the company's code of ethics
 - D) consult both American and Indonesian laws
- 2) 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
- 3) 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
- 4) 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
- 5) 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
- 6) Moral universalism is the need for a moral standard that is accepted by all _____.
- A) corporations
 - B) governments
 - C) cultures
 - D) employees

7) With an ethnocentric approach, a company applies the morality used in its _____.

- A) host nation
- B) industry
- C) general society
- D) home country

8) 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

9) A company subscribing to ethical relativism would implement the morality of the _____.

- A) host country
- B) shareholders
- C) legal system
- D) home country

10) 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

11) 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

12) 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

13) 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

14) 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.

15) 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.