

TEST BANK



SEVENTH
7

Fundamentals
of
MANAGEMENT
Essential Concepts and Applications

ROBBINS

DECENZO

COUTER

Fundamentals of Management, 7e (Robbins/DeCenzo/Coulter)
Chapter 2 The Management Environment

1) The \$10 test showed that clever management can benefit both workers and managers.

Answer: TRUE

Explanation: The \$10 test that gave housekeepers up to \$10 for cleaning rooms impeccably was a success for both workers and managers. Workers earned extra pay. Managers got the high standards for cleaning that they were looking for

Diff: 1 Page Ref: 29

Objective: 2.1

2) The \$10 test was enthusiastically accepted by workers immediately.

Answer: FALSE

Explanation: The \$10 test was at first resented by workers. They didn't like being checked up on. As time passed, workers adjusted to the standards of the test and began to look forward to the extra money they could earn.

Diff: 2 Page Ref: 29

Objective: 2.1

3) One area in which most global companies are cutting back is customer service.

Answer: FALSE

Explanation: Most companies are recognizing that customer service is the key to their success. So they are increasing, rather than reducing, customer service efforts.

Diff: 2 Page Ref: 29

Objective: 2.1

4) A major cause of the economic downturn that began in 2008 was too much debt taken on by both consumers and businesses.

Answer: TRUE

Explanation: Cheap and available credit in the early 2000s ushered in an atmosphere in which consumers and businesses borrowed heavily. When things went bad in the fall of 2008, many people were left owing more than they could pay.

Diff: 2 Page Ref: 30

AACSB: Globalizations

Objective: 2.1

5) The U.S. economy has been the primary model for economic systems around the world.

Answer: TRUE

Explanation: The approach used by the U.S. economic system that features open markets, corporate ownership, mass production techniques, and hierarchical organization structures has been emulated around the world. Many nations have prospered using this approach or a modified version of the approach.

Diff: 2 Page Ref: 31

AACSB: Globalizations

Objective: 2.1

6) Multinational corporations maintain significant operations in two or more countries simultaneously.

Answer: TRUE

Explanation: A multinational corporation comes in three different forms—the multidomestic corporation, the global corporation, and the transnational corporation. All three forms maintain operations in multiple countries.

Diff: 2 Page Ref: 33

AACSB: Globalizations

Objective: 2.2

7) Transnational corporations run their businesses from their home country.

Answer: FALSE

Explanation: A transnational corporation is an MNC that has different operations in different countries but has no centralized "headquarters" or home country.

Diff: 2 Page Ref: 33

AACSB: Globalizations

Objective: 2.2

8) When organizations go global, they often start by simply exporting products to one or more foreign countries.

Answer: FALSE

Explanation: Before exporting, organizations often begin the globalization process by outsourcing labor or materials. An example of outsourcing is having a factory in Asia manufacture products for a U.S. based company.

Diff: 2 Page Ref: 34

AACSB: Globalizations

Objective: 2.2

9) After the outsourcing stage, companies that are going global often turn to exporting and importing goods across international borders.

Answer: TRUE

Explanation: Exporting and importing is often the second stage an organization passes through to go global.

Diff: 2 Page Ref: 34

AACSB: Globalizations

Objective: 2.2

10) Licensing and franchising typically follow the export-import phase of globalization.

Answer: TRUE

Explanation: An example of licensing would sell the rights to bottle a well-known soft drink to a plant in another country. A franchise might allow restaurants to use a well-known chain's name and products in another country.

Diff: 2 Page Ref: 35

AACSB: Globalizations

Objective: 2.2

- 11) In a strategic alliance, companies join together to form a separate entity to produce a product.
Answer: FALSE
Explanation: In a strategic alliance, companies join together to create a product. When the companies joining create a separate organization to create their product, the enterprise is called a joint venture.
Diff: 2 Page Ref: 35
AACSB: Globalizations
Objective: 2.2
- 12) Managers with a parochial view of the world tend to see things from the point of view of a foreign culture.
Answer: FALSE
Explanation: Parochialism is a narrow, rather than a broad point of view. A manager with a parochial view sees things only through his or her own culture and does not try to understand the perspective of a person from another culture.
Diff: 2 Page Ref: 36
AACSB: Diversity
Objective: 2.2
- 13) French organizations have a very different view of status than American organizations.
Answer: TRUE
Explanation: The French see status as the sum of such factors as education, experience, and seniority. American organizations tend to confer status only for individual achievements.
Diff: 3 Page Ref: 36
AACSB: Diversity
Objective: 2.2
- 14) According to Hofstede, countries such as Singapore and Japan are more collectivist than the United States.
Answer: TRUE
Explanation: Hofstede's framework rates Japan and Singapore as "collectivist" and the United States as "individualistic." A collectivist cultures has a stronger group identity than an individualistic culture.
Diff: 2 Page Ref: 36
AACSB: Diversity
Objective: 2.2
- 15) The United States is an example of a country with small power distance.
Answer: TRUE
Explanation: Having a low power distance indicates that people in a culture do not tolerate excessive asymmetries in power in their communities. If the United States has a low power distance it means that people are wary of a "big boss" who controls many institutions in a community. Conversely, a culture with a high power distance would be more accepting of a "big boss" in their midst.
Diff: 2 Page Ref: 36
AACSB: Diversity
Objective: 2.2

16) A society with high uncertainty avoidance relies on rules and trusts its social institutions to deal with an uncertain future.

Answer: TRUE

Explanation: High uncertainty avoidance indicates a culture that relies on rules and social institutions to deal with uncertainty. People in a society with low uncertainty avoidance prefer fewer rules that are more flexible and rely less on formal social institutions.

Diff: 3 Page Ref: 36-38

AACSB: Analytic Skills

Objective: 2.2

17) Cultures with a high assertiveness rating tend to have people who are timid and shy.

Answer: FALSE

Explanation: A high assertive rating is the opposite of being timid and shy. Assertive people are confrontational and not reluctant to demand what they want.

Diff: 2 Page Ref: 37

AACSB: Analytic Skills

Objective: 2.2

18) Future orientation is a measure of how successful a society is at delaying gratification.

Answer: TRUE

Explanation: People who delay gratification are able to turn down small rewards in the present to reap larger rewards in the future. Societies that save for the future are generally successful.

Diff: 2 Page Ref: 37

AACSB: Analytic Skills

Objective: 2.2

19) Hofstede based his ratings on the traits of people of different nationalities with whom he was personally acquainted.

Answer: FALSE

Explanation: Hofstede's results were based on interviews of over 100,000 IBM employees in 40 countries, not people he knew personally.

Diff: 1 Page Ref: 36

Objective: 2.2

20) Hofstede's findings were not confirmed by later studies.

Answer: FALSE

Explanation: Hofstede's findings were generally confirmed by the GLOBE study that was completed in 2001. Categories were added and modified somewhat, but both studies had the same general results. For example, Japan rated high on the collectivism scale for both Hofstede's and the GLOBE study.

Diff: 2 Page Ref: 38

Objective: 2.2

21) There is little evidence that managers of major organizations ever fail to act responsibly and ethically.

Answer: FALSE

Explanation: Several high-profile scandals indicate that there is a great deal of evidence that managers fail to act responsibly and ethically. The exploits of Enron, Bernard Madoff, AIG, HealthSouth and many others provide examples of managers of major organizations failing to act responsibly and ethically.

Diff: 2 Page Ref: 38

AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.3

22) The classical view of organizational social responsibility is that management's only social responsibility is to maximize profits.

Answer: TRUE

Explanation: The classical view is hard to argue with. If a profit-making organization's goal is to make money for the stockholders, any activity that fails to maximize profits can be seen as "cheating" the stockholders.

Diff: 2 Page Ref: 39

AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.3

23) In the socioeconomic view of organizational social responsibility, management's responsibility includes protecting and improving society.

Answer: TRUE

Explanation: The socioeconomic view assumes that the organization is part of society and that all parts of society have a responsibility to do their share to do good. If one component of society feels exempt from this responsibility then others will quickly follow in kind, breaking the social compact and inviting chaos.

Diff: 2 Page Ref: 40

AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.3

24) One argument against businesses championing social responsibility issues is that being socially responsible can harm an organization's public image.

Answer: FALSE

Explanation: In today's world, rather than harm an organization's public image, being socially responsible serves to improve an organization's public image, identifying it as a force for good.

Diff: 1 Page Ref: 39

AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.3

25) Long-term stability is an argument for social responsibility.

Answer: TRUE

Explanation: Socially responsible companies tend to have more long-term stability than their counterparts that are not socially responsible. Presumably, a better public image from being socially responsible helps build company loyalty, which in turn becomes an important asset during hard economic times.

Diff: 2 Page Ref: 39

AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.3

26) As long as it has broken no laws and done nothing unethical, a business has fulfilled its obligation to society.

Answer: FALSE

Explanation: People today believe that since a business is given the opportunity to function in an economic arena, it is obligated to do more than just avoid criminal or unethical actions. Instead, a business is obligated to improve conditions in the world.

Diff: 3 Page Ref: 40

AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.3

27) A good example of social responsiveness is a company whose managers conduct business in an ethical way and strictly follows all local laws.

Answer: FALSE

Explanation: Social responsiveness requires the organization to be responsive to some popular social need. For example, a company that builds a community recreation center in a community that lacks facilities is being socially responsive.

Diff: 3 Page Ref: 40

AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.3

28) Any action that is illegal is unethical and any action that is legal is ethical.

Answer: FALSE

Explanation: There are many things that are legal but not ethical. For example, it is legal to be wasteful with fossil fuels, but given the problems we face today with global climate change, pollution, and high energy prices, this wastefulness is clearly not ethical.

Diff: 2 Page Ref: 40

AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.3

29) Having a written code of ethics ensures that an organization's members will behave ethically.

Answer: FALSE

Explanation: Over 90 percent of organizations, large and small, have written codes of ethics. Yet, that doesn't prevent organizations like Enron from committing wildly unethical and illegal acts.

Diff: 2 Page Ref: 41

AACSB: Analytic Skills

Objective: 2.3

30) Managers have found that a "melting pot" approach of expecting diverse employees to assimilate is sufficient for harmony in the workplace.

Answer: FALSE

Explanation: Managers have found that allowing workers to assimilate on their own is not a good approach. Many workers have no interest in assimilation, so managers need to find ways to accommodate these people and make sure they are comfortable and productive.

Diff: 2 Page Ref: 42

AACSB: Diversity

Objective: 2.4

31) The U.S. workforce is now over 50 percent female.

Answer: FALSE

Explanation: The U.S. workforce stands now at 49.1 percent female. With changes in employment that are likely to take place after the current recession ends, women are likely to make up the majority of workers.

Diff: 1 Page Ref: 43

AACSB: Diversity

Objective: 2.4

32) Managers should expect contingent workers and core employees to be equally committed to the organization's goals.

Answer: FALSE

Explanation: Contingent workers are employees who work part-time, just for a specific project, or as needed on a provisional basis. Since they usually work on a temporary interim basis, managers cannot expect contingent workers to have the same level of commitment to and identification with the organization that permanent, full-time employees have.

Diff: 2 Page Ref: 44

Objective: 2.4

33) Traditionally, managers ignored customer relations and focused on other things.

Answer: TRUE

Explanation: Until recently, managers tended to leave customer service to marketing departments. However, the recent success of many customer-friendly organizations such as L.L. Bean has thrust customer service into a front-and-center position in management circles.

Diff: 2 Page Ref: 46

Objective: 2.5

34) To increase customer responsiveness, organizations should hire employees who are outgoing and friendly.

Answer: TRUE

Explanation: Customer service begins with the employee him- or herself. A person who tends to be helpful, empathetic, friendly, and outgoing tends to make a good customer service rep.

Diff: 1 Page Ref: 47

AACSB: Communication

Objective: 2.5

35) To create a successful customer service culture, an organization should draft a written set of customer service rules that should be stringently followed.

Answer: FALSE

Explanation: Rules are too confining for customer service reps to be able to do their jobs well. Customer service reps need the freedom to be creative in meeting the customer's needs.

Diff: 2 Page Ref: 47

Objective: 2.5

36) Good listening skills are an important characteristic of a successful customer service employee.

Answer: TRUE

Explanation: Listening skills are critical for customer service success. If the representative is not a good listener, he or she will not be able to understand the customer's problem. If the problem is not understood, it is not likely to be solved.

Diff: 2 Page Ref: 47

AACSB: Communication

Objective: 2.5

37) The \$10 hotel test was deemed a success because _____.

A) managers got better service and workers got more pay

B) managers got better service without increasing their costs

C) workers got paid more without actually increasing their work load

D) hotel occupancy rates increased during the time the policy was in place.

Answer: A

Explanation: A) The \$10 test gave housekeepers a predictable way to earn extra pay. If they fulfilled all of management's requirements, they would get an instant bonus of up to \$10. This resulted in better service for managers and more money for workers. The policy did increase costs for managers and work load for housekeepers somewhat. The policy might have increased customer satisfaction, but there is no documented evidence that it actually increased occupancy rates.

Diff: 2 Page Ref: 29

Objective: 2.1

38) Which of the following is NOT a feature of the U.S. model of capitalism in the twentieth and twenty-first centuries?

A) open markets

B) large-scale operations

C) full lifetime job security

D) corporate model of ownership and organization

Answer: C

Explanation: C) The U.S. model that has been emulated around the world includes open markets, large operations based on mass production, and a hierarchical corporate model of organization that features separate business divisions and collective bargaining with labor. The U.S. model does not ensure job security for any period of time.

Diff: 2 Page Ref: 31

Objective: 2.1

39) The financial crisis that began in 2008 has resulted in the current climate in which there has been _____ business and business leaders.

- A) new-found confidence in
- B) indifference toward
- C) new curiosity in
- D) an erosion of trust in

Answer: D

Explanation: D) The 2008 crisis ushered in an era in which a great deal of trust and good will was destroyed by the overreaching of financial managers during the previous decade. Taking on too much risk and making speculative deals ended up bringing the economy to its knees and threatening the solvency of the entire financial system. When the federal government bailed out the large institutions whose irresponsible actions had caused the crisis, citizens were outraged, and that anger has not subsided as bankers continue to behave recklessly and reward themselves with lavish compensation in the face of abject failure. The other choices—confidence, indifference, or curiosity in the system—are all incorrect because they don't evince this anger and distrust.

Diff: 2 Page Ref: 30

Objective: 2.1

40) Which of the following is most likely to be the biggest change that the "new economy" will usher in?

- A) organizations taking on more risk
- B) fewer regulations
- C) a smaller government role
- D) a larger government role

Answer: D

Explanation: D) The fallout from the financial crisis that began in 2008 is likely to result in increased regulation, oversight, and enforcement of standards and rules by the government. More regulations and a larger role for government would clearly rule out a smaller government role or fewer regulations. Enforcement of standards and rules as well as increased regulation would preclude organizations taking on increased risk and would be likely to decrease the amount of risk they take on.

Diff: 2 Page Ref: 31

Objective: 2.1

41) Globalization can be best characterized as a business climate in which there are _____.

- A) rigid international boundaries
- B) no international boundaries
- C) rigid rules and standards
- D) no rules or standards

Answer: B

Explanation: B) A globalized world is a world in which boundaries between countries largely disappear between countries. In a global organization, different operations of the same organization can be located across the globe from one another. Rules and standards in a globalized world still exist, but they need to be flexible to conform to local customs, laws, and traditions.

Diff: 2 Page Ref: 32-33

AACSB: Globalizations

Objective: 2.2

42) Which of the following is NOT a key characteristic of a global organization?

- A) exchanges goods and services with consumers in other countries
- B) employs high-level technical employees and managerial talent from other countries
- C) uses resources from other countries
- D) has a home country in which all decisions are made and all profits flow

Answer: D

Explanation: D) On the most basic level, global organizations exchange with foreign countries. Having executives and top-level managers who are not domestic increases an organization's global profile, while being funded and receiving other resources from non-domestic sources (financial globalization) increases the global profile to an even greater degree. Finally, not all global organizations claim a home country. Transnational organizations integrate operations in several locations without designating one of them as the home base.

Diff: 3 Page Ref: 33

AACSB: Globalizations

Objective: 2.2

43) A multinational corporation (MNC) _____.

- A) is any organization that maintains operations in more than one country
- B) is defined as a company that has its home base in the United States and various operations overseas
- C) includes any company that exports goods overseas
- D) is defined as any company that has no "home base"

Answer: A

Explanation: A) An MNC is any corporation that has operations in more than one country. The typical MNC has its headquarters in its home country and other operations in other countries. A company with its home base in the United States and various operations overseas seems nearly correct but fails to take transnational organizations—organizations that don't have a "home base"—into account. A company that exports goods overseas is incorrect because a company can easily ship overseas without having overseas operations.

Diff: 2 Page Ref: 33

AACSB: Globalizations

Objective: 2.2

44) A global corporation _____.

- A) centralizes management in a single home country
- B) decentralizes management so that each local country's operation is managed locally
- C) decentralizes management so there is no single home location
- D) has two main management locations located on different sides of the globe

Answer: A

Explanation: A) A global corporation is the classic stereotype of an MNC with domestic centralized management in the home country that coordinates operations overseas. Exxon is an example of a typical global corporation. Decentralizing management so that each local country's operation is managed locally is an example of a multidomestic corporation. Decentralizing management so there is no single home location describes a transnational corporation. Having two main management locations on different sides of the globe may exist but it is not a recognized model of an MNC.

Diff: 2 Page Ref: 33

AACSB: Globalizations

Objective: 2.2

45) _____ is a good example of a multidomestic corporation.

- A) Coca-Cola
- B) Nestlé
- C) Procter & Gamble
- D) The New York Yankees

Answer: B

Explanation: B) In a multidomestic corporation, operations in each country are controlled locally. Products and services offered by the company in one country may differ from those offered in another country. Nestlé is a classic example of a multidomestic with fairly autonomous structures in different countries that are overseen by the parent company. Both Coca-Cola and Procter & Gamble are centralized global corporations, not multidomestics. The Yankees, on the other hand, are strictly a domestic organization with significant operations only in the United States.

Diff: 2 Page Ref: 33

AACSB: Globalizations

Objective: 2.2

46) Which of the following best characterizes a transnational corporation?

- A) a single central home-country management
- B) an organization in which multiple operations function with a large degree of autonomy
- C) a loose alliance of totally separate, wholly independent companies
- D) an organization in which multiple operations are all integrated toward the same goals

Answer: D

Explanation: D) A transnational corporation is a "borderless organization" of multiple operations that have no single home base. This rules out a single central home-country management since a transnational is not centralized and has no home-country. The choices regarding having multiple operations function with a large degree of autonomy and loose alliance of separate companies are not correct because operations in a transnational are integrated and do not work independently of one another.

Diff: 2 Page Ref: 33

AACSB: Globalizations

Objective: 2.2

47) Which of the following would NOT be called an "American company"?

- A) a multidomestic with a home base in Memphis, Tennessee
- B) a global corporation that originated in Dallas, Texas and has operations in 12 countries
- C) a transnational that originated in New York City with operations in 6 countries
- D) a global corporation that began in Japan but has since relocated and now has its sole headquarters in Chicago

Answer: C

Explanation: C) The multidomestic in Memphis, the global corporation from Dallas, and the global corporation that now has its headquarters in Chicago may have different managing arrangements, but all three have a home base in the United States and none of the three are transnationals. That means that all three are "American companies." That cannot be said of the transnational that originated in New York City, which by virtue of being a transnational is "borderless" and therefore cannot be called an "American company."

Diff: 3 Page Ref: 33

AACSB: Globalizations

Objective: 2.2

48) Which choice constitutes the typical first step for an organization that is "going global"?

- A) outsourcing
- B) franchising
- C) licensing
- D) strategic alliance

Answer: A

Explanation: A) To go global, a company usually begins by global sourcing or outsourcing, in which the company purchases materials or labor from a foreign market at a lower price than it can obtain from its domestic market. Steps that follow outsourcing include franchising and licensing, both of which involve selling an organization's brand name and other trade practices for a fee. An even later stage involves a strategic alliance, in which the company forms a partnership with a foreign organization.

Diff: 2 Page Ref: 34

AACSB: Globalizations

Objective: 2.2

49) Franchising is used widely by _____.

- A) universities
- B) accounting firms
- C) restaurant chains
- D) electric power companies

Answer: C

Explanation: C) Franchising involves selling the rights to do business under a company brand name, using the tried-and-true methods developed by the company. This type of operation works especially well with such businesses as restaurant chains, which develop a recognizable image and menu that they sell to local business people who set up independent restaurants that are often supplied by the parent company. None of these methods would work well for universities, accounting firms, or power companies because none of these services could be easily duplicated at a location that was separate from the primary enterprise.

Diff: 1 Page Ref: 35

Objective: 2.2

50) A fully global organization might set up a _____ with a foreign company to create a new, independent company that produces a specific product.

- A) foreign subsidiary
- B) strategic alliance
- C) licensing agreement
- D) joint venture

Answer: D

Explanation: D) A joint venture uses the talents and expertise of two separate companies to create a specific product. A joint venture differs from a strategic alliance in that a new, independent company is created in a joint venture but not in a strategic alliance. A licensing agreement is a type of partnership but it does not create a new product or a separate, new company. Finally, a foreign subsidiary is not the correct choice here because it is a foreign branch of an existing company and not a type of partnership between companies.

Diff: 2 Page Ref: 35

AACSB: Globalizations

Objective: 2.2

51) Which of the following is usually found in the final stage of an organization's global evolution?

- A) exporting products to other countries
- B) outsourcing jobs to foreign countries
- C) establishing strategic alliances with partners
- D) licensing products in foreign countries

Answer: C

Explanation: C) The sequence of events for "going global" typically begins with outsourcing labor and materials to other countries, followed by exporting and importing, then licensing products to foreign markets. The third and final stage of the process includes forming strategic alliances with foreign partners. A strategic alliance represents a more "global" stage than the others because it transfers some decision-making authority of the organization to its foreign partner, thereby decentralizing and thus globalizing the power of the organization.

Diff: 2 Page Ref: 35

AACSB: Globalizations

Objective: 2.2

52) Of the approaches to pursuing international markets, developing a _____ involves the greatest commitment and risk.

- A) franchise
- B) joint venture
- C) strategic alliance
- D) foreign subsidiary

Answer: D

Explanation: D) Unlike the other three choices, a foreign subsidiary is not a partnership with an existing foreign company. Instead, a foreign subsidiary requires an organization to commit resources to build an entire facility in a foreign country. Without a partner for guidance or shared responsibility, if things go wrong the organization itself will bear all consequences of the failure—making the subsidiary the riskiest of all four ventures.

Diff: 2 Page Ref: 44

AACSB: Globalizations

Objective: 2.2

53) Joint ventures are a type of _____.

- A) license
- B) franchise
- C) foreign subsidiary
- D) strategic alliance

Answer: D

Explanation: D) A joint venture is a special type of strategic alliance. In a generic strategic alliance, companies merely form a partnership to create a new product. A joint venture is not merely a partnership; it creates an entirely new entity that bears the name of neither partner and is separate from each organization. A license or franchise does not qualify as a strategic alliance because the parent company maintains control of the product—it merely sells the right to produce the product to a foreign entity. A foreign subsidiary, on the other hand, is not an alliance of any type. Instead, it is a branch of the original organization that has been built on foreign soil.

Diff: 2 Page Ref: 35

AACSB: Globalizations

Objective: 2.2

54) A Coca-Cola bottling plant in Bolivia is wholly owned by a local businessperson. What kind of venture is this plant likely to be?

- A) a franchise
- B) a licensed plant
- C) a foreign subsidiary
- D) a joint venture

Answer: B

Explanation: B) The plant cannot be a joint venture or foreign subsidiary because it is owned by the local businessperson. The plant is not likely to be a franchise because it is marketing a single product—Coca-Cola—rather than an entire operation. That leaves the correct response, a licensed plant. The company has licensed the right to produce Coca-Cola to the local businessperson who has complete control of the plant.

Diff: 2 Page Ref: 35

AACSB: Globalizations

Objective: 2.2

55) Which of the following is the best synonym for the word *parochial*?

- A) religious
- B) catholic
- C) broad
- D) narrow

Answer: D

Explanation: D) A parochial view is a narrow view of the world. The word *parochial* is often associated with religious schools (such as Roman Catholic schools) because those schools have a narrow focus—they serve only members of the church. Note that a Jewish or Muslim school can also be called a parochial school, so the term has no attachment to "catholic" or the Roman Catholic faith. In fact, the term *catholic* itself means "broad"—the opposite of the meaning of parochial.

Diff: 1 Page Ref: 36

Objective: 2.2

56) Parochialism is _____.

- A) acceptance of diverse points of view
- B) a desire to leave one's own culture for a foreign culture
- C) a tendency to view the world through a single perspective
- D) recognition of diverse religious beliefs

Answer: C

Explanation: C) A manager with a parochial point of view assumes that there is only one way to view the world—his way—and that all people, despite their different traditions, culture, upbringing, and life experiences should share his values and beliefs. Parochialism is a form of arrogance because it fails to accept the possibility that other points of view can be valid. For this reason, the choices regarding acceptance of diverse points of view and recognition of diverse religious beliefs are incorrect. The choice regarding a desire to leave one's culture is incorrect because abandoning one's culture constitutes an appropriation, not a rejection of a divergent point of view and is therefore the opposite of parochial.

Diff: 2 Page Ref: 36

AACSB: Diversity

Objective: 2.2

57) Status in France within a corporation is largely _____.

- A) measured in the same way it is in the United States.
- B) based on how much money a person makes
- C) based on such things as seniority and educational level
- D) based on an individual's personal accomplishments

Answer: C

Explanation: C) A look at how status in France is measured provides an example of how values can be different in different cultures. In the United States, status is generally based on a person's accomplishments. In France, seniority and education level are much more important for determining status. Money is probably more important for status than either culture is willing to admit, but in any event, it has not been identified as the primary factor for conferring status.

Diff: 2 Page Ref: 36

AACSB: Diversity

Objective: 2.2

58) In his study of differences in cultural environments, Geert Hofstede found that _____.

- A) people are largely the same from culture to culture with respect to values
- B) the views of managers differ greatly from those of employees with respect to values
- C) the views of IBM employees differ widely from the general population with respect to values
- D) people vary from culture to culture in five value categories

Answer: D

Explanation: D) Hofstede's landmark study showed that different cultures varied widely in values that Hofstede termed *cultural dimensions*. This eliminates the choice regarding people being largely the same culture to culture as a correct response, since views varied widely. Hofstede did not indicate any great difference in the views of managers versus employees or IBM employees versus the general population.

Diff: 2 Page Ref: 36

AACSB: Diversity

Objective: 2.2

59) _____ is a cultural dimension measured by Hofstede in which people identify strongly with a group within a society.

- A) Power distance
- B) Collectivism
- C) Individualism
- D) Uncertainty avoidance

Answer: B

Explanation: B) Hofstede measured individualism and collectivism on the same scale. Individualism measured how independent people considered themselves, while collectivism measured how strongly they identified with a group. The more individualistic a person was, the less collectivist he or she tended to be. The dimensions of power distance and uncertainty avoidance are not measures of the strength of a person's identification with a group so neither is a correct response.

Diff: 1 Page Ref: 36

AACSB: Diversity

Objective: 2.2

- 60) Which of the following would be likely to be true in a country with a high power distance?
- A) Hundreds of statues, billboards, and posters of the leader would appear all over the capital.
 - B) The leader's likeness would appear only in the newspaper from time to time.
 - C) Top managers and employees would dress in similar ways.
 - D) Rather than employ a driver, top managers would drive their own cars to work.

Answer: A

Explanation: A) A country with high power distance would tolerate leaders to have enormous amounts of power and prestige. That corresponds to the choice regarding a leader who plasters his image all over the city. The other three choices describe a more humble leader and a situation of low power distance. The image of an all-powerful leader describes a situation of high power distance.

Diff: 3 Page Ref: 36

AACSB: Diversity

Objective: 2.2

- 61) A country with a high uncertainty avoidance _____.
- A) is highly structured and depends on rules and social institutions to cope with uncertainty
 - B) is highly structured and does not depend on rules and social institutions to cope with uncertainty
 - C) has no rules
 - D) has no structure or social institutions

Answer: A

Explanation: A) Uncertainty avoidance is the degree to which a society is structured, depends on rules, and looks to its social institutions to deal with uncertainty. Countries with high uncertainty avoidance are not comfortable with unstructured situations, so they tend to follow rules rather than have a flexible point of view when faced with uncertainty. India, for example, has a high uncertainty avoidance rating, so it tends to avoid making tough decisions and relies on rules in unstructured situations. The correct choice describes a rule-following society with high uncertainty avoidance. None of the other choices describe a society that depends on rules or social institutions, so all of those choices describe countries with low uncertainty avoidance.

Diff: 3 Page Ref: 36-38

AACSB: Diversity

Objective: 2.2

- 62) In a country with a low uncertainty avoidance, people cope with uncertainty _____.
- A) by following rules and depending on social institutions
 - B) by making new rules
 - C) largely without rules or strong social institutions
 - D) by looking to the religious teachings

Answer: C

Explanation: C) Low uncertainty avoidance identifies a society that doesn't depend on rules or social institutions such as religion to cope with uncertainty. In countries that have a low uncertainty avoidance rating, people don't shy away from uncertain situations as much as high uncertainty avoidance cultures do, and they try to be creative and flexible in facing uncertainty, rather than relying on rules. The correct choice describes a society with low uncertainty avoidance, where people don't impose a lot of rules or restrictions on themselves. The other choices all describe cultures with high rather than low uncertainty avoidance.

Diff: 3 Page Ref: 36-38

AACSB: Diversity

Objective: 2.2

- 63) Societies with a high assertiveness rating would tend to be _____.
- A) passive
 - B) excessively polite
 - C) competitive
 - D) uncertain

Answer: C

Explanation: C) Assertiveness is a measure of how tough, aggressive, and competitive a society is. This indicates that competitive is the correct response. Passive, excessively polite, and uncertain are all traits that are the opposite of assertive.

Diff: 2 Page Ref: 36-38

AACSB: Diversity

Objective: 2.2

- 64) In a society with high _____, you would expect members of a corporation to have a strong identification with the corporation.
- A) gender differentiation
 - B) future orientation
 - C) in-group collectivism
 - D) humane orientation

Answer: C

Explanation: C) People who strongly identify with a corporation are displaying in-group collectivism by taking pride in the group they belong to. Identifying with a group is not related to gender role differences, how enthusiastically a society plans for the future, or how fair and altruistic a society aspires to be. Accordingly, in-group collectivism is the correct response.

Diff: 2 Page Ref: 37

AACSB: Diversity

Objective: 2.2

65) _____ is an attribute that describes how materialistic a society is.

- A) Power distance
- B) Quality of life
- C) Quantity of life
- D) Individualism

Answer: C

Explanation: C) Quantity of life and quality of life contrast how materialistic a society is as opposed to how caring and non-materialistic it is. Power distance has nothing to do with how materialistic people are, but rather how much they tolerate societal power imbalances. Individualism describes how independent members of a society are, not how materialistic they are.

Diff: 2 Page Ref: 36

AACSB: Diversity

Objective: 2.2

66) Which feature of Hofstede's study lends it a great deal of validity?

- A) It measured attitudes of IBM employees.
- B) It measured attitudes of many successful people.
- C) The survey was carried out in the 1970s.
- D) It surveyed 116,000 people.

Answer: D

Explanation: D) The most compelling part of Hofstede's study was the enormous size of his sample. In general, the greater the sample size a statistical study has, the more confidence its interpreters have in its findings. In fact, being limited to IBM employees diminishes the study's credibility somewhat, as a more diverse group of people probably would have provided a more representative sampling. The fact that the study queried successful people and it took place in the 1970s lends it no extra credibility.

Diff: 2 Page Ref: 36

AACSB: Analytic Skills

Objective: 2.2

67) Which of the following dimensions from the GLOBE framework has no equivalent counterpart in Hofstede's framework?

- A) gender differentiation
- B) humane orientation
- C) future orientation
- D) individualism/collectivism

Answer: A

Explanation: A) Humane orientation roughly corresponds to Hofstede's quality of life category. Future orientation corresponds to Hofstede's long-term versus short-term orientation. Individualism/collectivism is virtually identical to Hofstede's individualism versus collectivism category. Only gender differentiation has no counterpart in the Hofstede study, so it is the correct response.

Diff: 2 Page Ref: 36-38

AACSB: Analytic Skills

Objective: 2.2

68) Which implication best summarizes the meaning of the quote below?

"...ethics...is essential to our survival as a wealth-creating nation."

- A) Being ethical is bad for business.
- B) Being ethical has no impact on business.
- C) Being ethical in the long run is good for business.
- D) Being ethical in the long run is more important than making a profit.

Answer: C

Explanation: C) The quote implies that ethics not only do not decrease profits, in the long run they create wealth. The choices regarding ethics being bad for and having no impact on business are not consistent with the quotation. Finally, the choice regarding ethics being more important than making a profit may be true, but it is far beyond what the quote intends to claim.

Diff: 2 Page Ref: 38

AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.2

69) The cases of Enron and Bernard Madoff go beyond a question of ethics because in both cases _____.

- A) laws were clearly broken
- B) many people were hurt
- C) billions of dollars were involved
- D) no harm was intended and they had good reasons for what they did

Answer: A

Explanation: A) The line between ethics and crime is crossed when laws are broken. This is clearly what happened in the Enron and the Madoff cases—in both situations individuals committed crimes and ended up going to prison for those crimes. The fact that billions of dollars were involved, many people lost their life savings, and the perpetrators may have claimed to have excuses for what they did does not change the fact that people behaved both unethically and illegally in both cases.

Diff: 2 Page Ref: 38

AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.3

70) Which of the following would NOT be an example of green management?

- A) a company using wind energy for electricity
- B) a company using reusable rather than disposable containers
- C) a company shipping in expensive all-natural fruits for employees all year round
- D) a company rewarding workers to carpool

Answer: C

Explanation: C) Using renewable wind energy, reusable containers, and encouraging carpooling are clearly "green" actions because they conserve energy or reduce waste. Importing fruits, while perhaps healthy for employees, presumably entails burning a large amount of fossil fuels to transport the fruits long distances and so would not qualify as green.

Diff: 2 Page Ref: 38

AACSB: Technology

Objective: 2.3

71) The classical view of social responsibility is that a for-profit organization's responsibility is _____.

- A) to help as many people as possible
- B) to maximize both profits and the general welfare
- C) to maximize profits only
- D) to maximize opportunity for all

Answer: C

Explanation: C) The classical view of social responsibility is a purely economic view that looks at profits only. A for-profit company exists to make money. Therefore its only responsibility is to maximize profits. Any actions for social good, such as to help people, create opportunity, or to improve the general welfare would be looked upon as irresponsible because these actions would divert the organization from its stated goal.

Diff: 2 Page Ref: 39

AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.3

72) A company that meets its social obligation _____.

- A) fulfills its economic responsibilities only
- B) fulfills its legal and economic responsibilities only
- C) goes beyond its legal and economic responsibilities and responds to some pressing social need
- D) does not need to obey local laws

Answer: B

Explanation: B) An organization's social obligation includes following legal and economic responsibilities only. Anything above that, such as responding to a pressing social need, is beyond the organization's social responsibility. All companies in general must follow laws and meet economic responsibilities to prosper and survive, but these items alone do not fulfill social obligation requirements.

Diff: 2 Page Ref: 40

AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.3

73) Which of the following is the best example of a company being socially responsive?

- A) meeting hazardous materials standards
- B) giving Christmas bonuses to worthy employees
- C) displaying "think green" posters
- D) building a community day-care center

Answer: D

Explanation: D) Social responsiveness requires that an organization respond to some social need that has been identified within the community. Of the choices listed, only building a day-care center meets this requirement so it is the correct response. Meeting hazardous materials standards is simply an example of following the law. Christmas bonuses may be generous, but they are helping members of the organization, not the community at large. "Think green" posters may help people take action on environmental matters, but the posters themselves do not constitute effective actions that respond to a social need.

Diff: 3 Page Ref: 40

AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.3

74) The classical view of social responsibility holds that spending time, money, labor, or energy to improve society's welfare would _____.

- A) deprive stockholders of resources that could be used to generate profits
- B) not have any positive or negative impact on stockholders
- C) help maximize profits for stockholders
- D) show stockholders that the company knows best

Answer: A

Explanation: A) The classical view of social responsibility holds that any use of resources that does not explicitly seek to increase profits is wasteful and deprives stockholders of the income that would otherwise be theirs. This means that spending on social welfare has a negative impact on profits, thus ruling out the choices regarding not having any impact on stockholders and maximizing profits for stockholders as correct responses. The idea that the company knows better than stockholders is not part of the classical view of social responsibility.

Diff: 2 Page Ref: 39-40

AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.3

75) The socioeconomic view of social responsibility states that a business _____.

- A) is an economic agent only
- B) has no responsibility
- C) is a moral agent
- D) is a harmful agent

Answer: C

Explanation: C) A socioeconomic view of social responsibility sees businesses not just as economic entities without moral responsibilities. Since a business exists within a sphere that is both economic and moral, a business should be considered to be both an economic and a moral agent. This eliminates economic agent and harmful agent as the correct response and identifies moral agent as the correct response. Note that as a moral agent, a business defines itself as a force for good or bad by its actions.

Diff: 2 Page Ref: 40

AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.3

76) The socioeconomic view is that management's social responsibility goes beyond making profits to include _____.

- A) challenging norms within society and inciting people to rise up against injustice
- B) protecting and improving society's welfare
- C) sacrificing its own welfare to advance the cause of justice
- D) prosecuting those who break the law

Answer: B

Explanation: B) The socioeconomic view sees organizations as moral citizens of the society with a moral role to play. The view goes only as far as an organization looking after the general welfare of society as best it can in ways that are reasonable and not overly onerous. It does not suggest that organizations take on a revolutionary role, prosecute law-breakers, or harm themselves in any way to fight injustice.

Diff: 2 Page Ref: 40

AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.3

77) Proponents of the socioeconomic view of social responsibility believe that being socially responsive is _____.

- A) good for business
- B) bad for business
- C) neither good nor bad for business
- D) bad for any business in a competitive market

Answer: A

Explanation: A) Supporters of the socioeconomic view think that being socially responsive gives an organization a positive public image that in the long run pays for itself in customer loyalty and profits. Being good for business rules out the choices regarding being bad for business and neither good nor bad for business as correct choices. Positing that social responsibility is harmful only in competitive markets is beside the point since almost all businesses operate within competitive markets.

Diff: 2 Page Ref: 40

AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.3

78) _____ dictates that being socially responsible is the "right thing to do."

- A) A public image
- B) An ethical obligation
- C) A public expectation
- D) A dilution of purpose

Answer: B

Explanation: B) A public image identifies the favorable publicity that an organization can get from being socially responsible, but it does not identify socially responsible behavior as the right thing to do. Similarly, public expectation reflects the modern attitude of people toward organizations, not a mandate of what must be done. A dilution of purpose is actually an argument against being socially responsible, so it is not a correct choice here. An ethical obligation is the correct response because it does require that individuals or organizations do the "right thing."

Diff: 2 Page Ref: 39

AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.3

79) Supporters of social responsibility claim that being socially responsible _____.

- A) increases short-term profits
- B) decreases long-term profits
- C) increases long-term profits
- D) decreases short-term profits

Answer: C

Explanation: C) Supporters claim that being socially responsible is good for business, builds customer loyalty, and over the long run increases profits. Supporters make no claims for short-term profits, thus eliminating increases and decreases in short-term profits. Decreases long-term profits is incorrect because it states the opposite of the actual claim that supporters of being socially responsible make.

Diff: 2 Page Ref: 39

AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.3

80) Supporters of socially responsible businesses claim that by becoming socially responsible, businesses can expect _____.

- A) less government regulation
- B) more government regulation
- C) more strict enforcement of laws
- D) more government interference

Answer: A

Explanation: A) The case that supporters make is that the more socially responsible companies are, the more government will trust them to do the right thing and the less government will see the need to intervene with regulations. This eliminates more government regulation and interference as correct choices because they both increase rather than decrease the amount of government intervention. It also militates against more strict enforcement of laws which can be thought of as an indirect form of government interference.

Diff: 2 Page Ref: 39

AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.3

81) Since businesses have more power and resources than ordinary individuals, supporters of social responsibility claim that businesses have _____.

- A) a good reason to ignore the needs of ordinary individuals
- B) no reason to act in a socially responsible way
- C) more reason to act in a socially responsible way
- D) less reason to act in a socially responsible way

Answer: C

Explanation: C) The very size and influence of businesses require them to do more than ordinary individuals to advance the public welfare, supporters of social responsibility argue. Since society allows the organization to have its privileged position of power and influence, the organization owes society a larger debt than any individual citizen. These ideas make "more reason to act in a socially responsible way" the correct response, and rule out the other choices, all of which claim to diminish, rather than increase, the moral obligation of a business.

Diff: 2 Page Ref: 39

AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.3

82) The argument against social responsibility that states that pursuing goals other than making profits diverts a company away from its primary goal of making profits is known as _____.

- A) possession of resources
- B) too much power
- C) lack of skills
- D) dilution of purpose

Answer: D

Explanation: D) When a company whose primary goal is to make profits uses its resources for anything other than making profits, it is said to be diluting its purpose. Too much power refers to a company acquiring an unfair oversupply of power from being socially responsible while lack of skills makes the argument that managers are not competent to tackle social issues. Finally, possession of resources is an argument for, not against, social responsibility.

Diff: 2 Page Ref: 39

AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.3

83) One prominent argument against being socially responsible makes the claim that business managers are _____ to address social concerns.

- A) too impractical
- B) not competent
- C) too wealthy
- D) too out of touch

Answer: B

Explanation: B) No one makes the claim that business leaders are too impractical or too out of touch to be socially responsible, though the ideas may have a small measure of validity.

Similarly, wealthy business leaders would in no way be prevented from addressing social concerns and in fact, according to the idea of noblesse oblige, wealth might be a good reason to act in a socially responsible way. That leaves the choice on not being competent that states that many people think that business leaders, not having training in social areas, are not qualified to try to help in these areas as the correct response.

Diff: 2 Page Ref: 39

AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.3

84) Those arguing against being socially responsible might make the claim that costs for social goals are ultimately _____.

- A) paid for by the people being helped
- B) paid for by companies in the form of tax breaks
- C) paid for by consumers in the form of higher prices
- D) are never paid by anyone

Answer: C

Explanation: C) There is no evidence that the cost of social goals gets paid for by the people who benefit from the services provided, so that is not a correct response. Tax breaks would be an extra cost, not a way to pay for social goals, so that would rule out the choice regarding tax breaks. The choice regarding never being paid by anyone is incorrect because all costs are presumed to be ultimately paid by someone. Paid for by consumers in the form of higher prices is the correct response, since companies may initially bear the costs of social goals, but as they see their costs rising they are likely to raise prices, effectively causing consumers to ultimately be the payers of the bill.

Diff: 3 Page Ref: 39

AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.3

85) Which of the following is NOT an argument against the idea that companies should be socially responsible?

- A) costs
- B) too much power
- C) violation of profit maximization
- D) public expectations

Answer: D

Explanation: D) Costs, too much power, and violation of profit maximization are all legitimate arguments against companies being socially responsible. Costs indicate that socially responsible actions do not cover their own costs and so end up costing a company money. Too much power indicates that companies will accumulate an overabundance of power as a result of pursuing social goals, thereby increasing their already too-large social influence. Violation of profit maximization indicates that pursuing social goals violates a company's obligation to seek the highest profits possible. Only public expectations is an argument for social responsibility—it claims that public opinion strongly supports social goals, so companies benefit from positive publicity when they pursue them.

Diff: 1 Page Ref: 39

AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.3

86) "Lack of accountability" argues against a firm being socially responsible by saying that once actions are taken there is no one _____.

- A) to take responsibility if things go wrong
- B) to take credit if things work out well
- C) to speak to the media to put a spin on actions taken
- D) to follow up afterward

Answer: A

Explanation: A) Accountability is taking responsibility for actions. That means that taking responsibility if things go wrong is the correct response because companies that pursue social goals typically have no mechanism in place to deal with problems that arise due to actions on behalf of social goals. There would also be no specific person to take credit for successful actions, to follow up on actions, or to "spin" the actions. However, only the correct choice constitutes an argument against social responsibility.

Diff: 2 Page Ref: 39

AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.3

87) When a company does the minimum that the law requires, it is meeting its _____.

- A) social responsiveness goal
- B) economic responsibility
- C) ethical responsibility
- D) social obligation

Answer: D

Explanation: D) Social responsiveness goes beyond the minimum that the law requires and entails responding to some popular social need. An ethical responsibility also goes beyond a minimal legal stance, requiring a company not only to obey all laws but also to behave in a way that is fair and just. An economic responsibility requires the firm to pursue financial goals only. That leaves a social obligation, which may include only what is legally necessary as the minimum that a company must do.

Diff: 2 Page Ref: 40

AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.3

88) A factory that has adhered to all pollution control standards has _____.

- A) been socially responsive
- B) been economically responsible
- C) been ethical
- D) met its social obligation

Answer: D

Explanation: D) Social responsiveness would require the factory to do more than simply follow the law; it would need to respond to some societal need as well. Economic responsiveness would require the factory to meet its goals with respect to financial considerations. There is no way of knowing whether meeting pollution controls would accomplish this. Similarly, meeting pollution standards does not guarantee a factory has behaved ethically. Meeting those standards does, however, show that the factory's social obligation has been met.

Diff: 2 Page Ref: 40

AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.3

89) Social responsiveness refers to the capacity of a firm to _____.

- A) address some pressing public need
- B) follow all government regulations
- C) differentiate between right and wrong
- D) be a role model for other organizations

Answer: A

Explanation: A) Social responsiveness must address some public need, such as improving the environment or helping people who lack the basic necessities of life. Merely following government regulations, behaving ethically, or acting as a model for other organizations does not address a public need, so none of these choices is correct.

Diff: 2 Page Ref: 40

AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.3

90) When a firm advertises that it only uses recycled paper products, it is _____.

- A) meeting its social obligation
- B) being cynical
- C) being socially responsive
- D) paying attention to the bottom line

Answer: C

Explanation: C) In using recycled paper products, the firm is meeting a societal need of reducing the amount of waste in the environment, so it qualifies as social responsiveness. A social obligation does only what the law requires, so unless there are laws requiring mandatory recycling, this act goes beyond what the law requires and does not qualify as social responsiveness. Recycling may not improve a company's bottom line, so recycling cannot be classified as paying attention to the bottom line. Similarly, though recycling can be done purely to improve a company's public image, there is no way of proving that the act has even a small element of cynicism.

Diff: 2 Page Ref: 40

AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.3

91) Which of the following is a basic definition of ethics?

- A) rules that define good and evil
- B) laws that define legal and illegal
- C) principles that define right and wrong
- D) principles that define standards of decency

Answer: C

Explanation: C) Ethics is concerned with the evaluation of actions—whether they are right or wrong—rather than the conditions of good and evil that often underlie those actions. This indicates that "principles that define right and wrong" is the correct choice for this question and "rules that define good and evil" is incorrect. Questions of whether acts are legal or illegal are also related to ethics, but legal and illegal refer to formal written laws covering a wide array of issues while ethics generally refers to more basic moral principles that always focus on right and wrong. Standards of decency are also related to ethics, but they are more concerned with what is socially acceptable rather than what is right and wrong.

Diff: 2 Page Ref: 40

AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.3

92) A _____ is a formal document that states an organization's primary values and the ethical rules it expects its employees to follow.

- A) mission statement
- B) statement of purpose
- C) code of ethics
- D) vision statement

Answer: C

Explanation: C) How ethical questions are addressed within an organization can be different from how they are dealt with in the outside world. For example, fraternization between individuals inside an organization (e.g., teacher and student in a school) may be frowned upon even though the same relationship outside the organization might not raise any ethical eyebrows (e.g., both teacher and student are adults). That is why most organizations draft a written code of ethics to provide guidance for members. None of the other choices □ a mission statement, a statement of purpose, or a vision statement □ deals with ethical issues, so these choices are incorrect.

Diff: 1 Page Ref: 41

AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.3

93) About _____ of organizations of 10,000 or more employees have a written code of ethics.

- A) one-third
- B) half
- C) 70 percent
- D) 97 percent

Answer: D

Explanation: D) The fact that 97 percent of large organizations have written codes of ethics suggests that these codes are at least useful, if not highly effective. However, ethics codes are usually only as effective as the organizational culture in which they are instituted. Those organizations that take ethics seriously usually have fewer problems dealing with ethics, regardless of how prominent their code is in their everyday operations. In most cases, written codes of ethics are not referred to in everyday interactions, but instead used to provide guidance in resolving conflicts and other moral issues.

Diff: 1 Page Ref: 41

Objective: 2.3

94) In most cases, organizations that have managers who behave ethically tend to have _____.

- A) more productive employees
- B) more ethical employees
- C) less ethical employees
- D) employees who are no more or less ethical than average

Answer: B

Explanation: B) Being a good role model with respect to ethics does affect ethics of subordinates. Managers who behave unethically or who tolerate unethical behavior tend to promote similar attitudes among subordinates. That is why "more ethical employees" is correct—ethical managers tend to have ethical workers—and why "more productive employees" and "employees who are no more or less ethical than average" are not correct. There is no established or documented relationship between ethical behavior and productivity, so "more productive employees" is incorrect.

Diff: 2 Page Ref: 41

AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.3

95) A(n) _____ view of ethics states that more productive workers should get more pay, and less productive workers less pay, regardless of other circumstances.

- A) rights
- B) utilitarian
- C) theory of justice
- D) individual liberties

Answer: B

Explanation: B) A rights view of ethics is concerned with protecting the rights of individuals to enjoy individual liberties such as free speech and due process, so both rights and individual liberties are not correct responses for this question. A theory of justice view of ethics is concerned with issues like a living wage—employees are entitled to be paid enough to live on no matter what the law says or other circumstances dictate. The theory of justice view stands in direct contradiction to the utilitarian view, the correct response here, that states that productivity is all that matters with regard to pay, and that abstract ideas such as justice or fairness should not be considered for this issue.

Diff: 2 Page Ref: 41

AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.3

96) A manager who subscribes to the theory of justice view of ethics might pay low-level employees _____.

- A) the minimum wage
- B) more than the minimum wage
- C) less than the minimum wage
- D) according to how productive they were

Answer: B

Explanation: B) A manager who subscribes to the theory of justice view of ethics takes societal conditions into account when making decisions. If a worker is unable to live on minimum wage, this manager is likely to pay more than that amount to ensure that she is treating her employees in a fair and just way. This rules out the minimum wage and less than the minimum wage. It also rules out "according to how productive they were," which corresponds to a utilitarian view of ethics, rewarding workers only in proportion to how valuable they are to the organization.

Diff: 2 Page Ref: 41

AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.3

97) Which of the following is a category of workforce diversity?

- A) education level
- B) computer skills
- C) style of dress
- D) age

Answer: D

Explanation: D) Workforce diversity includes only permanent or innate features such as age, race, ethnicity, gender, physical abilities/disabilities, and sexual orientation. Any characteristic that arises out of achievement, such as education level or computer skills, does not constitute a diversity category. Any wholly voluntary characteristic, such as the way a person dresses, should also not be considered a diversity category. The above indicates that only age represents a diversity category so it is the correct response.

Diff: 2 Page Ref: 42

AACSB: Diversity

Objective: 2.4

98) Managers have found that the best approach to diversity is _____.

- A) the "melting pot" approach that allows workers to assimilate naturally
- B) to allow workers to maintain their differences if that is what they prefer.
- C) to compel workers to assimilate using rewards and punishments
- D) to enforce differences even among workers who wish to assimilate

Answer: B

Explanation: B) Managers previously thought that the melting pot approach worked best, but recently they have recognized that some workers have no desire to assimilate. This requires managers to be flexible and adopt an approach which allows workers to resist assimilation and maintain their differences if they choose to do so. There is no evidence to show that strategies that compel workers to assimilate or maintain differences can be successful, so these choices are incorrect.

Diff: 2 Page Ref: 42

AACSB: Diversity

Objective: 2.4

99) Changes in the workforce since the 1960s are largely due to _____.

- A) women postponing having babies
- B) federal anti-discrimination legislation
- C) migration within the United States
- D) a booming economy

Answer: B

Explanation: B) Federal legislation is the most important cause of change in the workforce over the past decades. Anti-discrimination laws opened up jobs to women and minorities in unprecedented numbers since the 1960s. Women having babies later in life is probably as much a result of this change as it is a cause. Migration within the United States and a booming economy might also have had some effect on the workforce, but the impact of these factors is dwarfed by the change in laws.

Diff: 2 Page Ref: 43

AACSB: Diversity

Objective: 2.4

100) Workforce diversity will be significantly affected in the next decade by _____.

- A) increases in the teen worker population
- B) the aging of the U.S. population
- C) increases in the U.S. divorce rate
- D) increases in U.S. birthrates

Answer: B

Explanation: B) The baby boom generation is a larger cohort in the population than any other generation, so its aging will have the greatest impact on the workforce as baby-boomers retire or move on to different kinds of jobs. Baby-boomer aging as a factor of workforce change is much more important than changes in birthrate, divorce rate, or teen workers.

Diff: 1 Page Ref: 43

AACSB: Diversity

Objective: 2.4

101) In global companies, a major cause of the line between work and nonwork getting blurred is _____.

- A) employees needing to commute long distances
- B) needing to communicate with overseas operations in different time zones
- C) needing to communicate on a face-to-face basis with employees
- D) employees needing to work on holidays

Answer: B

Explanation: B) In a global company a factory can be in a time zone that is 12 hours different than one's home time zone. This means that a manager may need to address a problem at 11 PM in her time zone that is occurring at 11 AM in the factory. Needing to communicate with overseas operations in different time zones, therefore, is the correct answer. Needing to communicate on a face-to-face basis with employees is incorrect because face-to-face communication would tend to avoid off-hour interaction and serve to clarify rather than blur the line between work and nonwork. The other two choices are true in some cases, but do not contribute to the blurring of the line between work and nonwork.

Diff: 1 Page Ref: 44

AACSB: Globalizations

Objective: 2.4

102) _____ make(s) some managers feel that there is no escape from issues dealing with their work.

- A) Email, text messages, and cell phones
- B) Ethical obligations
- C) Rigid 8-hour work days
- D) Being a single wage earner

Answer: A

Explanation: A) The feeling that there is "no escape" is due largely to communication devices that allow managers and other employees to stay in contact with work issues even when they are not working. Ethical obligations, the increasingly scarce workers who work an eight-hour day, and being a single wage earner do not infringe on workers' nonwork time, so these choices are incorrect.

Diff: 2 Page Ref: 44

AACSB: Technology

Objective: 2.4

103) Which of the following is NOT an attempt by management to provide flexibility in the workplace?

- A) bonus pay
- B) on-site day care
- C) telecommuting
- D) job sharing

Answer: A

Explanation: A) On-site day care, telecommuting, and job sharing all allow workers to control when and where they work so they represent attempts to provide flexibility. Day care provides a place for children to free up time for work. Job sharing allows couples to balance personal/family issues with work issues. Telecommuting allows workers to be productive at home when family issues would otherwise prevent them from working. Bonus pay may help families, but it does not provide them with ways to control when and where they work, so it is the correct response.

Diff: 2 Page Ref: 44

Objective: 2.4

104) Part-time, temporary, and contract workers who are available for hire on an as-needed basis are known as _____.

- A) consultants
- B) core employees
- C) summer employees
- D) a contingent workforce

Answer: D

Explanation: D) The contingent workforce is the segment of the workforce that is not permanent. Contingent workers may work full time, but they are hired only on a provisional basis and will likely leave when their task is complete. A consultant is a high-level contingent worker, but the contingent workforce contains other workers besides consultants, so consultants is not the correct response. Similarly, summer employees is incorrect because the contingent workforce is not comprised only of summer workers. Core employees are permanent workers so core employees is incorrect.

Diff: 1 Page Ref: 44

AACSB: Diversity

Objective: 2.4

105) Managers hire contingent workers because they are _____ than permanent workers.

- A) more loyal
- B) more productive
- C) more flexible
- D) less costly

Answer: D

Explanation: D) Hiring contingent workers saves money for managers in several ways. Contingent workers usually don't get benefits, aren't paid at as high a rate as full-time workers, and can be dismissed easily when the project they are working on is complete. This makes "less costly" the correct response. There is no evidence that contingent workers are more loyal, productive, or flexible than full-time workers (in fact they could be less of each category) so these responses are incorrect.

Diff: 2 Page Ref: 44

Objective: 2.4

106) Managers today realize that long-term success is largely achieved by _____.

- A) satisfying the customer
- B) focusing on costs
- C) hiring highly educated managers
- D) focusing on goals

Answer: A

Explanation: A) Costs, well-educated managers, and goals all may be critical parts of running a business. However, today's managers see the key to success in making sure the customer is pleased. A satisfied customer is a customer who will return to your place of business and therefore can make the difference between success and failure in today's business world.

Diff: 2 Page Ref: 45

Objective: 2.5

107) Which of the following is NOT true of today's customers?

- A) They are more demanding.
- B) They have fewer choices.
- C) They are more skeptical.
- D) They are less extravagant.

Answer: B

Explanation: B) Customers today are more demanding. They want better service, lower prices, and higher value than ever before. Customers are also more doubtful about the claims of merchants. They are media-savvy and wise to the tactics that businesses use to sell things. Customers are also thrifty—hardship in today's economy has made them highly discriminating buyers. One thing that is not true about today's customers is that they have fewer choices. If anything, customers have more choices—including the vast selection of the Internet—and ways to choose products than ever before.

Diff: 2 Page Ref: 45

Objective: 2.5

108) Why is a bank teller position classified as a service industry job?

- A) It deals with the financial industry.
- B) The teller must interact with customers.
- C) It is not a high-paying job.
- D) The teller must be well-trained and independent.

Answer: B

Explanation: B) The common thread of all service industry jobs is that they require the employee to interact extensively with customers. How well-trained, independent, or well-paid the employee is does not affect how the job is classified, making the choices regarding a high-paying job and the teller being well-trained and independent incorrect. Similarly, financial industry workers can be classified as service workers, but plenty of other industries also include service workers. With regard to the teller interacting with customers, note that because they deal with customers, many financial consultants qualify as service workers even though they are highly paid.

Diff: 2 Page Ref: 46

Objective: 2.5

109) Improved employee attitudes _____.

- A) lead directly to increased stock prices
- B) improve customer attitudes but do not lead to increased revenue
- C) lead indirectly to increased revenue
- D) do not improve customer attitudes

Answer: C

Explanation: C) The path from better attitudes to increased revenue is indirect. Better employee attitudes have been shown to foster better attitudes toward the company by customers. Improved customer attitudes lead to greater sales and increased revenue. The choice regarding improving customer attitudes but not leading to increased revenues is incorrect because it doesn't acknowledge increased revenue. Not improving customer attitudes is incorrect because customer attitudes have been shown to improve as a result of improved employee attitudes. Leading directly to increased stock prices is incorrect because there is no evidence that stock prices increase as a result of better employee attitudes.

Diff: 2 Page Ref: 46

Objective: 2.5

110) A company with a customer-responsive culture looks primarily to hire employees who are _____.

- A) assertive and demanding
- B) passive and introverted
- C) studious and detail-oriented
- D) friendly, outgoing, and good at listening

Answer: D

Explanation: D) Employees in a customer-responsive company must be good with people. Thus, being comfortable with people, a good listener, and friendly are all characteristics that managers look to hire. Being assertive, introverted, or studious are not characteristics that fit in well with top-notch service, so these choices are incorrect.

Diff: 2 Page Ref: 47

Objective: 2.5

111) Empowerment might give a customer service employee the ability to _____.

- A) ignore customers who clearly do not intend to purchase merchandise
- B) show up to work late several times a week
- C) modify a service plan for a customer in an unusual way
- D) break rules that clash with the company code of ethics

Answer: C

Explanation: C) Empowerment allows employees to make changes within limits to make sure that customers are satisfied. This might include modifying a service plan for a customer. It would not include ignoring customers, no matter how unpromising they were, showing up late to work, or ignoring a company code of ethics.

Diff: 2 Page Ref: 47

Objective: 2.5

112) The management theory of continuous improvement focuses on quality where managers in the past focused on _____.

- A) keeping prices up
- B) consistency
- C) innovation
- D) productivity

Answer: D

Explanation: D) Though product consistency, innovation, and keeping prices up were all important components of success in management theories of the past, the primary focus of these programs was on productivity. The road to success was defined largely by a matter of efficiency—keeping costs down and profits up. Continuous improvement sees success in a different, more long-term way, focusing on building customer satisfaction and customer loyalty rather than productivity.

Diff: 2 Page Ref: 48

Objective: 2.5

113) Continuous improvement puts a focus on the customer, who is defined as _____.

- A) the purchaser of the company's products
- B) anyone and everyone who does business with the company
- C) only those individuals who spend a significant amount of money on the company's products
- D) individuals who buy the company's products or competitor's products

Answer: B

Explanation: B) The customer in continuous improvement theory includes people who buy the company's products directly, and also those who do business with the company in other ways, such as suppliers and subcontractors. This makes everyone who does business with the company rather than the purchaser of the company's products the correct response. The other two choices both give too limited a definition of customer. Individuals who buy the company's or competitor's products is incorrect because it fails to include people who do business with the company without buying its primary products, such as shippers and maintenance personnel. "Only those individuals who spend a significant amount" puts a judgment value on customers, failing to realize that circumstances change, and formerly small, unimportant customers can later become big, important customers.

Diff: 3 Page Ref: 49

AACSB: Analytic Skills

Objective: 2.5

114) All of the following are characteristics of continuous improvement EXCEPT _____.

- A) drastic change to improve quality
- B) improvement in the quality of everything the organization does
- C) accurate statistical measurement of quality
- D) empowerment of employees

Answer: A

Explanation: A) Continuous improvement entails a constant quest to keep improving all aspects of a company's performance. This includes highly accurate assessments of performance and the empowerment of employees to give them the leeway to solve problems in the best way possible. Continuous improvement is strictly incremental in approach, so it would not include any kind of drastic measures, making the choice regarding drastic change correct.

Diff: 2 Page Ref: 49

Objective: 2.5

115) In contrast to continuous improvement, work process engineering refers to _____.

- A) creating a customer-responsive culture
- B) implementing sudden or radical change within an organization
- C) implementing gradual or incremental change within an organization
- D) creating an organization that features kaizen

Answer: B

Explanation: B) Work process engineering in many ways is the opposite of continuous improvement. Continuous improvement is gradual in approach, ruling out creating an organization that features kaizen—since the word *kaizen* denotes a gradual, continual approach—and implementing gradual or incremental change. The key idea for work process engineering is to make fundamental, rather than gradual changes to improve an organization, meaning that implementing sudden or radical change is the correct choice here. Work process engineering may be highly customer-responsive, but customer-responsiveness does not define the approach.

Diff: 2 Page Ref: 50

AACSB: Analytic Skills

Objective: 2.5

Business Expansion Plan (Scenario)

As a business expansion director, Shana's goal is to scout potential locations for her company's planned expansion to other countries. There are many options, some of which include maintaining the business's head office in the United States. Other options send company representatives to foreign operations when necessary, or establishing separate operation facilities abroad and hiring locals as managers.

116) If Shana's company decides to open operations in France but maintain company management in the United States, it would be considered a _____.

- A) transnational corporation
- B) global corporation
- C) multidomestic corporation
- D) joint venture

Answer: B

Explanation: B) Maintaining management in the home office in the United States gives Shana's company the profile of a global corporation. A global corporation is a multinational corporation that maintains its management in its home country. A multidomestic corporation, on the other hand, has a central home-country management but allows local management to run the company in its foreign locations. This differs from a borderless or transnational corporation which has no "home country" and is instead organized by industry and function. A joint venture is not a branching out of a home corporation but rather a joining of the home corporation with a foreign corporation.

Diff: 2 Page Ref: 33

AACSB: Globalizations

Objective: 2.2

117) If Shana's company decides to open a new operation in Germany that has local managers and is run locally but still exists under the umbrella of the home company, it would be considered a _____.

- A) national corporation
- B) borderless organization
- C) trade alliance
- D) multidomestic corporation

Answer: D

Explanation: D) Allowing locals to make marketing and management decisions describes a multidomestic corporation. A national corporation would have no international component. A trade alliance would partner Shana's company with a foreign company. In a borderless organization there would be no home company.

Diff: 2 Page Ref: 33

AACSB: Globalizations

Objective: 2.2

118) If Shana's company reorganizes based on industry groups with no designated home country, the entire organization would be considered a _____.

- A) transnational organization
- B) strategic alliance
- C) multidomestic corporation
- D) global corporation

Answer: A

Explanation: A) A transnational organization is an integrated organization that has operations in different international locations but no single home country or primary headquarters. All of the other choices feature a home country so they are incorrect. A foreign subsidiary is a fairly independent operation set up by the home company. A strategic alliance is a joining of the home company with a foreign company. A global corporation is a multinational that features centralized management located in a home country.

Diff: 2 Page Ref: 33-34

AACSB: Globalizations

Objective: 2.2

119) Shana is considering forming a partnership with a Dutch corporation that will create an entirely new company called Half Moon. What kind of enterprise will Half Moon be?

- A) a multidomestic corporation
- B) a foreign subsidiary
- C) a joint venture
- D) a domestic subsidiary

Answer: C

Explanation: C) A partnership that creates an entirely new company is a special type of strategic alliance called a joint venture. In a foreign or domestic subsidiary and a multidomestic corporation, the original corporation maintains control of the branches, which is not the case with this joint venture.

Diff: 2 Page Ref: 33

AACSB: Globalizations

Objective: 2.2

Software Entrepreneurial Venture (Scenario)

Theodore and James have formed TJ Soft, an entrepreneurial venture to develop games and other kinds of software for consumers. Their company, which includes TJ Soft stores, is looking for opportunities in the future that include international operations.

120) A foreign company wants to be able to copy and manufacture TJ Soft programs and sell them in its stores. What would be an appropriate approach for them to use?

- A) licensing
- B) franchising
- C) renting
- D) appropriating

Answer: A

Explanation: A) Licensing would be the best approach for the foreign company to use. TJ Soft would sell the foreign company the right to be an official vendor of its products. Then the company would be free to feature TJ Soft products in its stores. Franchising would entail creating an entire operation rather than simply selling products in the company's stores. Neither renting the software or appropriating it in some way are defined management terms that were identified in the textbook for a situation like this, and so both are incorrect responses.

Diff: 2 Page Ref: 35

AACSB: Globalizations

Objective: 2.2

121) A firm in South America wants to open a TJ Store in a shopping mall. What is the best approach for this firm?

- A) strategic alliance
- B) licensing agreement
- C) franchise
- D) foreign subsidiary

Answer: C

Explanation: C) Since the firm wants more than just the right to sell TJ Soft products—it wants to run an entire TJ Soft store—it should buy a franchise. The franchise will give it the right to operate a store under the TJ Soft name selling TJ Soft products. The relationship should not be a strategic alliance, since TJ Soft wants to maintain control of its brand. A licensing agreement is not extensive enough since the company wants to do more than sell TJ Soft products. A foreign subsidiary is also not appropriate because it requires TJ Soft to own the foreign operation and this is not possible since the firm already exists.

Diff: 2 Page Ref: 35

AACSB: Globalizations

Objective: 2.2

122) A game company in Thailand wants TJ Soft to join it and work together to create a new game that bears the brand name of both companies. What would be an appropriate approach for this venture?

- A) global strategic alliance
- B) licensing agreement
- C) joint venture
- D) franchise

Answer: A

Explanation: A) Since the game company wants the game to have the name of both companies, the two should form a global strategic alliance but not a joint venture. A joint venture would require the two partners to create a new company to create the game—something that neither partner wants to do. This project is too symmetrical to call for a licensing agreement or franchise. Both of those options have the parent company selling the rights to use its brand, where in this case each company uses its own brand equally.

Diff: 2 Page Ref: 35

AACSB: Globalizations

Objective: 2.2

A Different View (Scenario)

Jana has spent the last year traveling to different operations for her company. She visited factories in Mexico and Thailand, a finance operation in Singapore, a pearl company in Japan, and many other venues. She now has collected her thoughts about the various places she visited.

123) In Mexico and Japan Jana noticed that it seemed easy to convince people to work together for the good of the group. How would you characterize this trait?

- A) collectivist
- B) individualist
- C) humane
- D) assertive

Answer: A

Explanation: A) A collectivist impulse describes a culture that has a strong group identity. People in a collectivist culture often see their social role in the group as more important than their individual distinctions and achievements. Cultures that value singular traits are called individualistic. Being humane—kindly, empathetic, compassionate—has nothing to do with group identity and both collectivist and individualist cultures can be characterized as humane, eliminating humane as a correct response for this question. Similarly, being assertive—confrontational and aggressive—can be ruled out for this question because assertiveness has no connection to how much a culture values its group identity.

Diff: 2 Page Ref: 36-37

AACSB: Diversity

Objective: 2.2

124) In Greece Jana visited a pharmaceutical operation. She found that managers there were charming but not at all shy. If they thought they were right they tended to be aggressive and confrontational. How would you characterize this trait?

- A) high uncertainty avoidance
- B) assertive
- C) future oriented
- D) low uncertainty avoidance

Answer: B

Explanation: B) Being aggressive and confrontational describes the trait of being assertive. High uncertainty avoidance cultures put a lot of confidence in rules while low uncertainty avoidance cultures tend to prefer flexibility over rules. Neither avoidance trait matches the aggressive and confrontational description here so both can be eliminated as correct responses. Similarly, being future oriented, or focused on planning for future contingencies, is not an aggressive or confrontational trait so it can be ruled out as a correct response.

Diff: 2 Page Ref: 37

AACSB: Diversity

Objective: 2.2

125) In Venezuela Jana found that people tended to show great deference toward their superiors. When meeting with one higher-up, she noticed that the local managers seemed to exhibit extremely obsequious behavior. How would you characterize this trait?

- A) future oriented
- B) high uncertainty avoidance
- C) low power distance
- D) high power distance

Answer: D

Explanation: D) Cultures that tolerate large differences in personal or political power are said to have a high power distance. This contrasts with countries like Denmark, which don't tend to tolerate ostentatious shows of power and are said to have a low power distance. In a culture of low power distance, individuals of different status typically can speak as equals. In a culture of high power distance, interaction between individuals of different status is often accompanied by overt displays that highlight this status difference. Neither future orientation nor high uncertainty avoidance is related to displays of power, so they are both incorrect responses for this question.

Diff: 3 Page Ref: 36-38

AACSB: Diversity

Objective: 2.2

126) In Denmark Jana met people who marveled about the ability of Americans to be so "bold" and flexible when it came to making decisions about the future, while the Danish tended to rely on rules when facing uncertainty. How would you characterize this trait that Americans appear to have?

- A) low uncertainty avoidance
- B) high uncertainty avoidance
- C) high power distance
- D) individualistic

Answer: A

Explanation: A) Cultures that rely on rules when facing uncertainty are said to have high uncertainty avoidance. Since Americans were being described as "bold" and not relying on rules, they fit a low uncertainty avoidance profile. Power distance and how individualistic a culture is have little or nothing to do with how much a society depends on rules when facing uncertainty, so both of these choices are incorrect.

Diff: 3 Page Ref: 36-38

AACSB: Diversity

Objective: 2.2

Opposing Views of Social Responsibility (Scenario)

The board of directors of the Four Forks Generating Corporation is meeting to consider the construction of a new electrical generation facility near the Four Forks River. Director Appleton prefers a coal-burning plant because it promises to be the most profitable alternative. Over the short term at least, a coal plant will be by far the least expensive facility to build and operate. Coal is cheap and the considerable pollution from the plant won't affect anything within hundreds of miles from the plant.

Director Estrella wants a nuclear plant to be located 30 miles upriver from the biggest city in the area. Nuclear power is cleaner than coal. Completely safeguarding the community against accidents in the plant or in disposing of toxic waste could be very expensive. However, Estrella has discovered that the job can be done much more cheaply by cutting some corners while still strictly following all laws and creating some additional risk for the community.

Director Jossleman supports the most expensive option of the three she wants a wind farm to be built along the banks of the river on top of a ridge. The wind turbines produce absolutely no pollution and pose no threat to the community or the environment. They are expensive to build and to operate at the current time because they require elaborate back-up systems to function when the wind isn't blowing.

127) Director Appleton exhibits which of the following social responsibility views?

- A) social responsiveness
- B) broad view of social responsibility
- C) classical view of social responsibility
- D) socioeconomic view of social responsibility

Answer: C

Explanation: C) Appleton has a strict classical view of social responsibility. He is looking at costs and profits only, and is not concerned with long-term effects or problems. Appleton's view is not in accord with the socioeconomic view of social responsibility calling for businesses to go beyond profits and consider society's welfare. Appleton is not being socially responsive because the public is not calling for a high-pollution plant to be built. Finally, a "broad" view of social responsibility is a vague term that cannot describe the director's views, so it is not a correct response.

Diff: 2 Page Ref: 39-40

AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.3

128) Director Estrella exhibits which of the following social responsibility views?

- A) social awareness
- B) socioeconomic view of social responsibility
- C) classical view of social responsibility
- D) social obligation

Answer: D

Explanation: D) Estrella is clearly demonstrating a sense of social obligation. He wants to follow the letter of the law, but doesn't seem to have great concern for social welfare since he is willing to cut corners on safety for the plant. Estrella is in a sense splitting the difference between the socioeconomic and classical views of social responsibility. Since a nuclear plant produces less pollution he is advocating for social welfare somewhat, matching the socioeconomic view, but his corner-cutting also subscribes to the classical view, putting costs above all else. In the end, neither of these choices matches Estrella's actions nearly as well as social obligation. Finally, social awareness is not a defined management term in this text and so does not constitute a correct response.

Diff: 2 Page Ref: 40

AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.3

129) Director Jossleman is exhibiting which of the following social responsibility views?

- A) socioeconomic view of social responsibility
- B) classical view of social responsibility
- C) social obligation
- D) no social obligation

Answer: A

Explanation: A) Jossleman is exhibiting a socioeconomic view rather than a classical view of social responsibility. She is showing a concern for social welfare beyond profits by choosing the alternative that is less profitable but better for the society. Jossleman is clearly adhering to all laws, so neither social obligation nor no social obligation describes her position.

Diff: 2 Page Ref: 40

AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.3

130) Suppose Director Jossleman proposes building a wildlife preserve near the windfarm for the local community. What is Josselman demonstrating in her proposal?

- A) social responsiveness
- B) socioeconomic view of social responsibility
- C) classical view of social responsibility
- D) social awareness

Answer: A

Explanation: A) The idea of social responsiveness goes beyond classical and socioeconomic views of social responsibility. Instead it focuses on some specific societal need and attempts to provide it. Josselman's proposal fits this profile so it qualifies as social responsiveness. Jossleman is exhibiting a degree of social awareness, but this is not a defined term in this text and so is not a correct response for this question.

Diff: 2 Page Ref: 40

AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.3

University (Scenario)

Marta is a dean at Linden State University, a school with almost 20,000 students. In her daily activities, she has to deal with problems that involve students, faculty, curriculum, budgets, and a variety of other things.

Among the problems Marta needs to deal with are complaints from students that the Engineering Department has only one faculty member who is a woman and one who is a member of a minority group. Marta has been meeting with the department chair to address this problem.

Marta recognizes that students and parents pay a lot of money to attend the university, so when large and small problems arise Marta wants them dealt with effectively. She has installed a 24-hour "Hassle Line" with highly trained people to answer questions and solve problems. She hopes to have her Hassle Line employees function within a customer responsive culture.

131) Marta sees her school's greatest opportunity to increase enrollment in prospective students who were born in the 1980s and early 1990s. What term describes these prospective students?

- A) baby boomers
- B) Gen Y
- C) Gen X
- D) Gen Z

Answer: B

Explanation: B) The baby boomers are defined as those people who were born in the decades that immediately followed World War II. The group that followed the baby boomers has been termed *Generation X*. Those that followed Gen X, including current people of college age, are identified as Gen Y, the correct response. So far, no group has been identified as Gen Z, so that response is incorrect.

Diff: 2 Page Ref: 43

Objective: 2.4

132) In the Engineering Department, which choice best characterizes the problem Marta needs to work on?

- A) workforce diversity
- B) entrepreneurship
- C) customer service
- D) work process engineering

Answer: A

Explanation: A) Assuring that members of an organization come from a wide variety of different backgrounds with respect to ethnicity, gender, race, sexual orientation, and physical ability/disability is a question of maintaining workforce diversity. Entrepreneurship and customer service only peripherally deal with diversity, so they are not correct responses here. Work process engineering, which is a theory of management, is also not directly related to diversity and is an incorrect response.

Diff: 2 Page Ref: 42-43

AACSB: Diversity

Objective: 2.4

133) Marta's 24-hour "Hassle Line" is an attempt to provide _____.

- A) workforce diversity
- B) improved employee attitudes
- C) high quality customer service
- D) improved employee efficiency

Answer: C

Explanation: C) Marta recognizes that satisfied customers are the key to the success of her institution, so she is placing emphasis on high quality customer service by creating her Hassle Line. Helping students and parents with problems is clearly not an issue of workforce diversity, as it does not address the make-up of employees. The Hassle Line requires good employee attitudes and a high level of employee efficiency, but neither of these concepts describes what Marta is providing, so they are incorrect responses.

Diff: 2 Page Ref: 45-46

AACSB: Communication

Objective: 2.4

134) Marta's Hassle Line is part of the customer responsive culture she is creating. Which of the following traits is something employees within a customer responsive culture do NOT require?

- A) freedom to act
- B) empowerment
- C) good listening skills
- D) assertive personality

Answer: D

Explanation: D) To provide excellent customer service employees need to be empowered with the freedom to act and make decisions that will best serve the customer and solve problems that arise. Good listening skills are also required for this job, but an assertive personality is not a requirement. Employees should not be passive, but they ideally should have an agreeable personality that is outgoing without being overly argumentative or confrontational.

Diff: 2 Page Ref: 47

AACSB: Communication

Objective: 2.5

135) One way in which Marta has managed to improve the control employees have over their encounters with customers is to _____.

- A) increase rules and regulations
- B) decrease rules and regulations
- C) abolish all rules and regulations
- D) change rules and regulations daily

Answer: B

Explanation: B) Employees are better able to resolve issues with customers if they have more control within their system. One way to increase employee control is to reduce the number of rules and regulations employees need to follow and allow them to use their discretion in solving problems. Increasing rules would decrease rather than increase employee control. Abolishing all rules and regulations or changing them each day are drastic measures and would likely unsettle employees and decrease the confidence they have in being able to solve problems and deal with difficult situations.

Diff: 2 Page Ref: 48

AACSB: Analytic Skills

Objective: 2.5

136) Marta has plans to institute a continuous improvement program throughout the university. Which statement best summarizes the philosophy of continuous improvement?

- A) Quality can always be improved.
- B) Don't try to be perfect.
- C) If it ain't broke, don't fix it.
- D) Tear everything down and start all over.

Answer: A

Explanation: A) Continuous improvement is an incremental policy of always trying to do better and never being satisfied. That is why "quality can always be improved" best summarizes the philosophy—very good is not good enough; quality can always be improved. Don't try to be perfect and if it ain't broke, don't fix it imply that the quest for improvement can end and employees can be satisfied with their quality—so both are incorrect responses. Tear everything down and start all over better summarizes a radical approach to improvement through work process engineering than continuous improvement.

Diff: 3 Page Ref: 49

AACSB: Analytic Skills

Objective: 2.5

137) Marta conducted an employee training workshop to explain the background of continuous improvement. Which of the following quality experts is Marta most likely to mention in this workshop?

- A) kaizen
- B) Henry Ford
- C) quantum change
- D) Henri Fayol

Answer: A

Explanation: A) Marta should mention kaizen, the Japanese word for continuous improvement in her workshop. The theory of continuous improvement was developed as a result of W. Edwards Deming studying Japanese management in 1950. Marta will probably not mention another earlier management innovator, Henry Ford, who developed mass production, or Henri Fayol, who developed part of management theory. She is also unlikely to discuss quantum change, as that is a key concept in work process engineering, not continuous improvement.

Diff: 2 Page Ref: 49

AACSB: Analytic Skills

Objective: 2.5

138) In her workshop to explain continuous improvement, which of the following is Marta most likely to mention to employees?

- A) intense focus on the customer
- B) intense focus on the product
- C) focus on efficiency so that employees don't spend too much time with any one customer
- D) focus on radical change

Answer: A

Explanation: A) Part of the foundation of continuous improvement is an intense focus on the customer. Though the product and efficiency shouldn't be ignored, employees in a continuous improvement system should never lose sight of getting the customer what he or she wants.

Radical change is a tenet of work process engineering rather than continuous improvement, so it is not a correct response here.

Diff: 2 Page Ref: 49

AACSB: Analytic Skills

Objective: 2.5

139) In her workshop on continuous improvement, Marta might define *customer* as _____.

- A) all those who interact with the organization's products or services
- B) only those who purchase the organization's products
- C) suppliers and purchasers, but not company employees
- D) only those who register a specific complaint regarding a product or service

Answer: A

Explanation: A) In a continuous improvement system the term *customer* is very broadly defined and includes not only people who buy products and services from the company, but also suppliers and purchasers—in short, anyone who does business with the company in any capacity.

This rules out all 3 incorrect choices as too narrow.

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AACSB: Analytic Skills

Objective: 2.5

140) At times, Marta worries that rather than seek continuous improvement, she should just discontinue all of her programs and start all over. This type of quantum change is characteristic of _____.

- A) quantum mechanics
- B) a customer responsive culture
- C) work process engineering
- D) the theories of W. Edwards Deming

Answer: C

Explanation: C) Drastic quantum change to overhaul a system is a characteristic of work process engineering. The policy doesn't clash with a customer responsive culture, but it isn't necessarily a feature of it. The policy isn't part of theories promoted by Deming—he was responsible for helping to develop continuous improvement, not work process engineering. Finally, quantum mechanics is a branch of physics, not management theory.

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AACSB: Analytic Skills

Objective: 2.5

141) In a short essay, explain the differences between a multidomestic corporation, a global corporation, and a transnational corporation.

Answer: All three entities are types of multinational corporations (MNCs). Both multidomestic and global corporations feature a home country that has the ultimate decision-making authority for the organization. In a multidomestic corporation, control is decentralized. The home country allows local management to more or less completely run the show for each operation, customizing products and services to fit the market as they see it. In a global corporation, control is more centralized as the home country management is more likely to set policy and intervene in local strategies and decisions.

The transnational or borderless organization represents a step further in decentralization from the multidomestic. In a transnational, central control is abolished and all operations coordinate together, sharing in the decision-making process. Corporations choose the transnational approach to give their organizations a truly international stance, allowing them to pose as disinterested parties when it comes making decisions that might favor one country over another.

Diff: 3 Page Ref: 33

AACSB: Globalizations

Objective: 2.2

142) In a short essay, define parochialism and explain why it can be a problem for U.S. managers.

Answer: Parochialism is the process of viewing the world solely through one's own eyes and perspectives. Managers with a parochial attitude do not recognize that individuals from other cultures can have different—and in most cases equally valid—sets of values, traditions, customs, and ways of living and working. Parochialism is a significant obstacle for managers who work in a global business world. If these managers fall into the trap of dismissing others' values and customs and rigidly applying an attitude of "ours is better than theirs" to foreign cultures, they'll find it difficult to compete with other non-parochial organizations that are actively seeking to understand foreign cultures and using that understanding to their advantage.*

Diff: 2 Page Ref: 36

AACSB: Diversity

Objective: 2.2

143) In a short essay, list and explain five of Hofstede's dimensions of national culture.

Answer:

a. Individualism versus collectivism: Collectivism is the degree to which people identify with the group. Collectivism lies in opposition to individualism, the degree to which people prefer to act on their own as individual agents. A culture that is rated as having high collectivist tendencies will have low individualistic tendencies; similarly, a culture that is highly individualistic is low on the collectivist scale.

b. Power distance: Power distance is the degree to which people are accepting of gross differences in power in their society. A culture with a high power distance, for example, is likely to feature the "big boss" in its midst—an individual who has an excessive amount of social, economic, and perhaps military power and influence. In a culture of low power distance, individuals of power are reined in, relatively speaking. In cultures of low power distance individuals of differing status can speak as equals. In a culture of high power distance, interaction between individuals of different status are likely to be accompanied by overt displays of respect and other symbols of the power imbalance.

c. Uncertainty avoidance: Uncertainty avoidance is a measure of how much a culture depends on social institutions, rules, and norms to cope with uncertainty. A culture with high uncertainty avoidance would tend to depend on rules and social institutions to deal with uncertainty. A culture with low uncertainty avoidance would want more flexible and less formal ways of dealing with uncertainty. High uncertainty avoidance cultures will tend to make very conservative decisions when facing uncertainty. Low uncertainty avoidance cultures tend to be more creative in facing uncertainty.

d. Quantity of life versus quality of life: Quantity of life focuses largely on material items and describes a typical affluent western consumer culture. Quality of life reflects the degree to which people value such things as family, loyalty, personal relationships, and other things that "money can't buy."

e. Long-term versus short-term orientation: People in long-term orientation cultures look to the future, value thrift and persistence, and frequently delay gratification. They are like the ant that saves for the future in the well-known Aesop's fable. A short-term orientation values the past and present and emphasizes respect for tradition and fulfilling social obligations. A short-term orientation is typically not successful in delaying gratification. Short-term orientation cultures resemble the grasshopper in the Aesop's fable that indulges now rather than wait for the future.

Diff: 3 Page Ref: 36

AACSB: Diversity

Objective: 2.2

144) In a short essay, explain the paradox of diversity in an organization.

Answer: Organizations seek to bring in people from diverse backgrounds. Having a diverse workforce is the fair and equitable thing for an organization to have in a heterogeneous society. It also helps put the organization in better touch with all segments of the population at large. The strength of a diverse workforce is to utilize differences between people. However, most corporations have strong corporate cultures that bring a great deal of pressure on employees to "go with the flow" and conform to the corporation's way of doing things. These two impulses—to celebrate differences and to conform—are at cross-purposes with one another and are the source of the paradox of diversity. In the end, the manager's goal is to bring about acceptance of diverse people in the organization without destroying the differences that make people special.

Diff: 2 Page Ref: 43

AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.4

145) In a short essay, discuss the value of Hofstede's values study to managers.

Answer: In one view, Hofstede's study is nothing more than a collection of national stereotypes that confirms the basest caricatures of different ethnicities: the "hot-tempered" Greeks, the Japanese who just want to "fit in" with the group, the "exacting" Germans. In using Hofstede's data, managers should be aware of these limitations and should not try to make generalizations about any individual based on a cultural archetype or stereotype.

Managers should also be aware that Hofstede's characterizations are not set in stone, and that, for example, a German might turn out to be hot-tempered and a Greek to be exacting. That said, there is predictive value in Hofstede's characterizations. They are, in a sense, a small window into each culture that can be used as a guide to the culture's hopes, dreams, and self-image as well as its habits and priorities. Used wisely, Hofstede's data can help managers understand the national psychology of a country as it relates to buying, selling, and markets.

Diff: 3 Page Ref: 36-38

AACSB: Reflective Thinking

Objective: 2.2

146) In a short essay, describe the steps a company takes in going global.

Answer: The first step in going global is some sort of outsourcing in which a company buys materials or labor or both from a foreign source. For example, a shoe company might outsource its manufacturing to a country in which labor is not as expensive as in its home country.

After outsourcing, exporting and importing is likely to follow. For example, the shoe company may now begin to sell its shoes in foreign markets. It may also begin to import lines of specialty shoes to sell in its domestic stores. A larger commitment than exporting and importing involves licensing: selling the rights to make a product overseas, or franchising: selling the right to run a whole operation overseas.

The third step in going global involves setting up strategic alliances, partnerships with foreign companies, and joint ventures, special partnerships in which a new company is formed to create a specific product. A shoe company might do this by setting up a partnership with a foreign leather company to produce handbags.

The final step in going global is to set up a foreign subsidiary—a branch of your operation that will set up shop in the foreign location. In this case, the shoe company might build an entire shoe factory in a foreign location and hire local managers to run it.

Diff: 2 Page Ref: 34-35

AACSB: Globalizations

Objective: 2.2

147) In a short essay, discuss how telecommuting capabilities have changed the manager's job.

Answer: Historically, the work site was located close to the labor source, so employees were near their jobs. Management could observe what work was being done and could easily communicate with employees face-to-face. Today, through technological advancements, managers are able to supervise employees in remote locations, and the need for face-to-face interaction has decreased dramatically. Managers must now meet the challenge of effectively communicating with individuals in remote locations and ensuring that performance objectives are being met.

To address this challenge, organizations focus on training managers to establish performance standards and ensure appropriate work quality and on-time completion—no matter where and when the work is being done. Traditional "face time" is frequently eliminated in decentralized work sites, and managers' need to "control" the work has evolved to the point in which employees are more involved, making decisions independently and being held accountable for their decisions.

For instance, managers must learn to forego traditional monitoring protocols and recognize that workers will work at their own pace. Instead of limiting work efforts to an eight-hour period, an individual may work two hours here, three hours at another time, and another three late at night. The manager's emphasis should then be placed on output, not means. As long as the task is completed satisfactorily and on time, the manager shouldn't need to worry about how, when, or where the work was actually done.

Diff: 2 Page Ref: 44

AACSB: Technology

Objective: 2.4

148) In a short essay, discuss arguments for and against social responsibility.

Answer: The classical view of social responsibility has quite a bit of moral weight to it. If you define the purpose of a profit-making company or enterprise to be to make money for its stockholders, then any activity that is not devoted solely to making money is a diversion from the goal and therefore it cheats the stockholders from their rightful profits. That means that any funds, resources, or efforts of any type to advance the welfare of society (the socioeconomic view of social responsibility) is therefore *immoral*—at least by the definition provided so far.

That said, it seems artificial to assert that a company has only a single purpose—to make a profit. It is similar to saying that a worker has only one purpose—for example, to feed his or her family, and any efforts made not in pursuit of that goal cheats the family out of its rightful property and is therefore immoral. However, workers clearly do not have only one purpose—they have multiple purposes: to feed their family, to protect their family, to teach their family, and so on.

Going back to a company, if it is incorrect to assert that a person can have only a single purpose then it is perhaps also incorrect to assert that a company can have only a single purpose. Like a worker, a company can have multiple purposes. One of them might be to make a profit. Others might include such things as protecting and improving society's welfare—in other words, the socioeconomic view of social responsibility. If you define a company as an entity that has many purposes, some economic, some moral, then the conflict between the two views largely melts away, and the socioeconomic view becomes the only true view of the situation.

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AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.3

149) In a short essay, describe a situation in which a manager would need to choose between continuous improvement and work process engineering for a company.

Answer: Imagine a search engine company that wants its Internet search engine to be better than all other engines on the market. The company might address the problem using the continuous improvement model, encouraging its engineers to improve and streamline the software at every turn, never being satisfied that it is "good enough."

Over time, this effort would undoubtedly result in a search engine that is vastly better than the one the company began with. However, is this really good enough? Despite its efforts, the company might still find itself not being able to compete with the most successful products on the market. So now the question would become: should the company continue on its course of constant incremental improvement and perhaps never catch up with its competitor? Or should it try a completely different tack along the lines of work process engineering and make some radical changes? In other words, should it tear down the search engine it already has and re-build using an entirely new, and fresh approach?

These are the questions that organizations face when dealing this kind of problem. The solution, of course, depends on the situation. In some cases, the patient incremental path pays off. In others, the more drastic approach is the one that works. The key, perhaps, is in evaluating one's situation correctly so the proper strategy can be chosen.

Diff: 3 Page Ref: 49-50

AACSB: Analytic Skills

Objective: 2.5

150) In a short essay, describe a customer-responsive culture.

Answer: In a customer-responsive culture, employees are friendly and courteous, accessible, knowledgeable, prompt in responding to customer needs, and willing to do what's necessary to solve problems and please the customer. Customer-responsive cultures hire service-oriented employees with good listening skills and the willingness to go beyond the constraints of their job descriptions to do what's necessary to satisfactorily resolve any issue that the customer has. Management clarifies employee roles, frees them up to meet changing customer needs by minimizing rules and regulations, and provides them with a wide range of decision discretion to do their jobs as they see fit.

Diff: 2 Page Ref: 47-48

AACSB: Analytic Skills

Objective: 2.5