Chapter 05

Culture, Management Style, and Business Systems

**True / False Questions**

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| 1. | Adaptation requires business executives to forsake their ways and change to local customs.     True    False |

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| 2. | We are less likely to evaluate a person’s behavior in terms of what is familiar to us because we use our self-reference criterion (SRC).     True    False |

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| 3. | Cultural electives are business customs in which an outsider must not participate.     True    False |

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| 4. | Cultural imperatives are business customs that are generally similar across cultures.     True    False |

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| 5. | The majority of business customs fit into the cultural elective category.     True    False |

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| 6. | For most U.S. managers, judgment and intuition are the only basis for making decisions.     True    False |

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| 7. | The idea of wide sharing in decision making is consistent with the views that one controls one’s own destiny.     True    False |

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| 8. | The notion that competition is crucial for efficiency, improvement, and regeneration is fundamental to Western management practices.     True    False |

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| 9. | High-Power Distance Index countries are more egalitarian than low-Power Distance Index countries.     True    False |

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| 10. | The three typical decision-making patterns are top-level management decisions, decentralized decisions, and committee or group decisions.     True    False |

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| 11. | As businesses grow and professional management develops, there is a shift toward centralized management decision making.     True    False |

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| 12. | In the committee decision setup, every committee member must be convinced of the merits of the proposition or product in question.     True    False |

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| 13. | Workers in countries higher in individualism show more commitment than workers in countries with lower individualism and higher power distance.     True    False |

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| 14. | High-context cultures place great importance on the verbal aspects of communication.     True    False |

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| 15. | Businesspeople in low-context cultures use email more often than those in high-context cultures.     True    False |

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| 16. | Most high-context cultures operate on monochronic time.     True    False |

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| 17. | Polychronic time is characterized by “a great involvement with people.”     True    False |

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| 18. | The treatment local women receive in their own cultures is a clear indicator of how a foreign businesswoman will be treated.     True    False |

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| 19. | The strength of a firm's backing is the key to success for both women and men in international business.     True    False |

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| 20. | In the United States, bribery is increasingly being considered a way of life because it is necessary for business.     True    False |

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| 21. | The distinction between bribery and extortion depends on whether the activity resulted from an offer or from a demand for payment.     True    False |

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| 22. | Subornation payments accompany requests for a person to do a job more rapidly or more efficiently.     True    False |

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| 23. | Lubrication is a request for officials to turn their heads, to not do their jobs, or to break the law.     True    False |

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| 24. | Utilitarian ethics is the ethical principle that focuses on the optimization of the “common good.”     True    False |

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| 25. | In the less individualistic cultures, labor and management are generally hostile.     True    False |

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| 26. | A distinguishing characteristic of the type of capitalism common in Chinese culture is the emphasis on *guanxi* as the coordinating principle among firms.     True    False |

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| 27. | Chinese cultures are high on Power Distance Index and low on Individualism/Collective Index.     True    False |

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| 28. | High-context cultures score high on power distance and low on individualism.     True    False |

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| 29. | The most managerially useful aspect of the synthesis of cultural differences is that it allows us to make predictions about unfamiliar cultures.     True    False |

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| 30. | It is not possible to obtain measures of linguistic distance for every country and every person.     True    False |

**Multiple Choice Questions**

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| 31. | Which of the following is a criterion for adaptation when dealing with individuals, firms, or authorities in foreign countries?       |  |  | | --- | --- | | A. | Profit motive |  |  |  | | --- | --- | | B. | Cultural apathy |  |  |  | | --- | --- | | C. | Hypersensitivity |  |  |  | | --- | --- | | D. | Flexibility |  |  |  | | --- | --- | | E. | Time-consciousness | |

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| 32. | Which of the following is true of adaptation in international marketing?       |  |  | | --- | --- | | A. | Willingness to adapt is a crucial attitude in international marketing. |  |  |  | | --- | --- | | B. | Adaptation requires business executives to forsake their ways and change to local customs. |  |  |  | | --- | --- | | C. | Mere tolerance of alien cultures is sufficient in international marketing. |  |  |  | | --- | --- | | D. | Open tolerance is considered to be an unnecessary concession to foreign cultures. |  |  |  | | --- | --- | | E. | Empathy for foreign cultures may lead to cultural discord. | |

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| 33. | Business customs can be grouped into:       |  |  | | --- | --- | | A. | rigid, flexible, and negotiables. |  |  |  | | --- | --- | | B. | internals, externals, and consensual customs. |  |  |  | | --- | --- | | C. | imperatives, electives, and exclusives. |  |  |  | | --- | --- | | D. | national, foreign, and international. |  |  |  | | --- | --- | | E. | unilateral, bilateral, and multilateral. | |

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| 34. | \_\_\_\_\_ are the business customs and expectations that must be met and conformed to or avoided if relationships are to be successful.       |  |  | | --- | --- | | A. | Cultural exclusives |  |  |  | | --- | --- | | B. | Business electives |  |  |  | | --- | --- | | C. | Global protocols |  |  |  | | --- | --- | | D. | Business axioms |  |  |  | | --- | --- | | E. | Cultural imperatives | |

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| 35. | Business customs that must be recognized and accommodated are called \_\_\_\_\_.       |  |  | | --- | --- | | A. | imperatives |  |  |  | | --- | --- | | B. | electives |  |  |  | | --- | --- | | C. | exclusives |  |  |  | | --- | --- | | D. | obligations |  |  |  | | --- | --- | | E. | constraints | |

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| 36. | Business customs to which adaptation is helpful but not necessary are called \_\_\_\_\_.       |  |  | | --- | --- | | A. | imperatives |  |  |  | | --- | --- | | B. | electives |  |  |  | | --- | --- | | C. | exclusives |  |  |  | | --- | --- | | D. | non-traditional |  |  |  | | --- | --- | | E. | standardized | |

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| 37. | Business customs in which an outsider must not participate are called \_\_\_\_\_.      |  |  | | --- | --- | | A. | imperatives |  |  |  | | --- | --- | | B. | electives |  |  |  | | --- | --- | | C. | exclusives |  |  |  | | --- | --- | | D. | absolutes |  |  |  | | --- | --- | | E. | statutes | |

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| 38. | Which of the following would most likely be characterized as being an imperative business custom in many cultures?      |  |  | | --- | --- | | A. | Establishing friendships. |  |  |  | | --- | --- | | B. | Speaking the local language. |  |  |  | | --- | --- | | C. | Understanding the native religions. |  |  |  | | --- | --- | | D. | Drinking the local drinks. |  |  |  | | --- | --- | | E. | Having knowledge of the local sport. | |

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| 39. | Simon Peters, a senior manager at Celise Export Logistics, goes for a meeting in France to negotiate a deal with the company’s French partners. He dresses casually in a t-shirt and jeans. His French counterparts call off the meeting and accuse him of taking a casual attitude toward negotiations. In the context of this scenario, dressing formally during business meetings is probably a cultural \_\_\_\_\_ for the French.       |  |  | | --- | --- | | A. | imperative |  |  |  | | --- | --- | | B. | elective |  |  |  | | --- | --- | | C. | exclusive |  |  |  | | --- | --- | | D. | oddity |  |  |  | | --- | --- | | E. | benchmark | |

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| 40. | Betty Roberts became an embarrassment to her company when she joked about the ruling monarchy in England in front of a group of visiting English businesspeople. She should have known that political ridicule by a foreigner is rarely accepted. Ms. Roberts has violated what is known as a cultural \_\_\_\_\_.       |  |  | | --- | --- | | A. | imperative |  |  |  | | --- | --- | | B. | elective |  |  |  | | --- | --- | | C. | exclusive |  |  |  | | --- | --- | | D. | landmark |  |  |  | | --- | --- | | E. | standard | |

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| 41. | Which of the following could be the least acceptable behavior in a business setting, especially in a cross-cultural scenario?      |  |  | | --- | --- | | A. | Correcting someone in public. |  |  |  | | --- | --- | | B. | Staying away from greeting another man with a kiss (a custom in some countries). |  |  |  | | --- | --- | | C. | Refusing to eat foods that disagree with your palate. |  |  |  | | --- | --- | | D. | Refusing to drink alcoholic beverages. |  |  |  | | --- | --- | | E. | Opting not to dance along with the crowd. | |

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| 42. | Which of the following views is consistent with normative U.S. cultural concepts?       |  |  | | --- | --- | | A. | Collective good outweighs the individual gain. |  |  |  | | --- | --- | | B. | The decision-making power lies in the hands of the highest authority. |  |  |  | | --- | --- | | C. | Personal relationships are more important in daily life than work and the company. |  |  |  | | --- | --- | | D. | Independent enterprise is an instrument for social action. |  |  |  | | --- | --- | | E. | A broader set of stakeholders is crucial to the company. | |

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| 43. | Which philosophy of U.S. management recognizes that people influence the future to a large extent and that they control their own fates?      |  |  | | --- | --- | | A. | Independent enterprise as the instrument of social action. |  |  |  | | --- | --- | | B. | Wide sharing in decision making. |  |  |  | | --- | --- | | C. | “Master of destiny” viewpoint. |  |  |  | | --- | --- | | D. | Never-ending quest for improvement. |  |  |  | | --- | --- | | E. | Competition produces efficiency. | |

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| 44. | There is a very strong belief in the United States that business decisions must be supported and based on accurate and relevant information. Which of the following best describes this approach?       |  |  | | --- | --- | | A. | “Master of destiny” viewpoint |  |  |  | | --- | --- | | B. | Independent enterprise as the instrument of social action |  |  |  | | --- | --- | | C. | Objective analysis |  |  |  | | --- | --- | | D. | Wide sharing in decision making |  |  |  | | --- | --- | | E. | Never-ending quest for improvement | |

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| 45. | Which of the following is consistent with the American view of the independent enterprise?       |  |  | | --- | --- | | A. | A corporation should fall under the control of the state government. |  |  |  | | --- | --- | | B. | A corporation is an entity that has rules and continuity of existence. |  |  |  | | --- | --- | | C. | The largest proportion of a corporation’s profits must go to social causes. |  |  |  | | --- | --- | | D. | A company should be equally owned by all employees and stakeholders. |  |  |  | | --- | --- | | E. | Corporations do not take precedence over family and social relationships. | |

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| 46. | The recognition of U.S. corporations as entities that have rules and continuity of existence and are separate, vital social institutions can result in:       |  |  | | --- | --- | | A. | feelings of obligation among employees to serve the company. |  |  |  | | --- | --- | | B. | scientific decision making by employees and managers. |  |  |  | | --- | --- | | C. | superstitious beliefs playing a role in decision making. |  |  |  | | --- | --- | | D. | decision making being limited to upper management. |  |  |  | | --- | --- | | E. | a collectivist identity among employees. | |

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| 47. | Adam Smith in his Wealth of Nations stated, “By pursuing his own interest he frequently promotes that of the society more effectually than when he really intended to promote it.” What behavior does this notion attempt to justify?       |  |  | | --- | --- | | A. | Collectivism |  |  |  | | --- | --- | | B. | Loyalty |  |  |  | | --- | --- | | C. | Greed |  |  |  | | --- | --- | | D. | Competitiveness |  |  |  | | --- | --- | | E. | Cooperation | |

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| 48. | The notion that \_\_\_\_\_ is crucial for efficiency, improvement, and regeneration is fundamental to Western management practices.       |  |  | | --- | --- | | A. | greed |  |  |  | | --- | --- | | B. | collectivism |  |  |  | | --- | --- | | C. | centralization |  |  |  | | --- | --- | | D. | competition |  |  |  | | --- | --- | | E. | hierarchy | |

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| 49. | In \_\_\_\_\_ decision making, participation by middle management tends to be deemphasized.       |  |  | | --- | --- | | A. | democratic |  |  |  | | --- | --- | | B. | decentralized |  |  |  | | --- | --- | | C. | decentralized committee |  |  |  | | --- | --- | | D. | non-hierarchical |  |  |  | | --- | --- | | E. | top-level management | |

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| 50. | As businesses grow and professional management develops, there is a shift toward:       |  |  | | --- | --- | | A. | centralized group decision making. |  |  |  | | --- | --- | | B. | decentralized management decision making. |  |  |  | | --- | --- | | C. | centralized decision making. |  |  |  | | --- | --- | | D. | top-level management decision making. |  |  |  | | --- | --- | | E. | experimental decision making. | |

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| 51. | A characteristic of committee decision making is that it is:       |  |  | | --- | --- | | A. | found in small businesses. |  |  |  | | --- | --- | | B. | done to please important family members. |  |  |  | | --- | --- | | C. | based on rank and hierarchy. |  |  |  | | --- | --- | | D. | rarely employed in Asian countries. |  |  |  | | --- | --- | | E. | by group or consensus. | |

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| 52. | Which of the following forms of business decision making is predominant in most Asian countries?       |  |  | | --- | --- | | A. | Independent |  |  |  | | --- | --- | | B. | Contractual |  |  |  | | --- | --- | | C. | Democratic |  |  |  | | --- | --- | | D. | Group |  |  |  | | --- | --- | | E. | Dictatorial | |

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| 53. | In \_\_\_\_\_ decision making, title or position generally takes precedence over the individual holding the job.       |  |  | | --- | --- | | A. | committee |  |  |  | | --- | --- | | B. | decentralized |  |  |  | | --- | --- | | C. | top-level management |  |  |  | | --- | --- | | D. | consensus |  |  |  | | --- | --- | | E. | dictatorial | |

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| 54. | Companies in \_\_\_\_\_ countries have a strong paternalistic orientation, and assume that individuals will work for one company for the majority of their lives.       |  |  | | --- | --- | | A. | more hierarchical |  |  |  | | --- | --- | | B. | more egalitarian |  |  |  | | --- | --- | | C. | high Power Distance Index |  |  |  | | --- | --- | | D. | low Uncertainty Avoidance Index |  |  |  | | --- | --- | | E. | low in individualism | |

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| 55. | In the context of management objectives and aspirations, which of the following is true of an employee’s personal life?       |  |  | | --- | --- | | A. | Max Weber discovered that some cultures emphasized profit over personal life. |  |  |  | | --- | --- | | B. | The Japanese work ethic derives from the belief of *feng shui*. |  |  |  | | --- | --- | | C. | Ancient Greek thought considered work to be a desirable factor in one’s life. |  |  |  | | --- | --- | | D. | To the Japanese, personal life is company life. |  |  |  | | --- | --- | | E. | McClelland opined that the standard of living enjoyed in the United States originated from the hard-working Protestant ethic. | |

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| 56. | Research has shown that commitment of workers to their companies tended to be higher in countries:       |  |  | | --- | --- | | A. | higher in individualism and lower in power distance. |  |  |  | | --- | --- | | B. | higher in collectivism and lower in individualism. |  |  |  | | --- | --- | | C. | lower in individualism and higher in power distance. |  |  |  | | --- | --- | | D. | higher in power distance and higher in individualism. |  |  |  | | --- | --- | | E. | higher in collectivism and higher in power distance. | |

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| 57. | According to Max Weber, at least part of the standard of living in the United States today can be attributed to the:       |  |  | | --- | --- | | A. | hard-working Protestant ethic. |  |  |  | | --- | --- | | B. | artificially low price of gasoline. |  |  |  | | --- | --- | | C. | almost complete penetration of the Internet. |  |  |  | | --- | --- | | D. | status equalization by the business class. |  |  |  | | --- | --- | | E. | slave-labor that formed the basis for early industry. | |

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| 58. | Which of the following aspects of communication is more important in a low-context culture?       |  |  | | --- | --- | | A. | Explicit communication |  |  |  | | --- | --- | | B. | Nonverbal communication |  |  |  | | --- | --- | | C. | Contextual communication |  |  |  | | --- | --- | | D. | Face-to-face communication |  |  |  | | --- | --- | | E. | Implicit communication | |

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| 59. | According to the high-context/low-context continuum identified by Edward T. Hall, communication in a low-context culture depends on:       |  |  | | --- | --- | | A. | the context. |  |  |  | | --- | --- | | B. | who says it. |  |  |  | | --- | --- | | C. | when it is said. |  |  |  | | --- | --- | | D. | how it is said. |  |  |  | | --- | --- | | E. | the verbal expression. | |

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| 60. | Fredrick Keeble, an American manager, took his Swiss client out for a traditional American dinner. The client did not seem to enjoy the food and left most of it untouched. After dinner, he asked his client if he had enjoyed the dinner. Which of the following responses would indicate that the client comes from a low-context culture?       |  |  | | --- | --- | | A. | No, I did not like the food. |  |  |  | | --- | --- | | B. | Yes, but it was a little too oily. |  |  |  | | --- | --- | | C. | No, I thought the food was good. |  |  |  | | --- | --- | | D. | Yes, it was lovely, thanks. |  |  |  | | --- | --- | | E. | Yes, unfortunately I was not very hungry. | |

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| 61. | Which of the following is the best means of solving the problem of language on the Internet?      |  |  | | --- | --- | | A. | Using minimal language in websites and using graphics and diagrams to convey messages. |  |  |  | | --- | --- | | B. | Using language translation software to translate communication in all languages. |  |  |  | | --- | --- | | C. | Having country-specific websites so that everyone can communicate in their own language. |  |  |  | | --- | --- | | D. | Using foreign language blocking software to screen international communications. |  |  |  | | --- | --- | | E. | Training employees to communicate in all languages used by foreign customers. | |

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| 62. | France is higher on Hofstede’s Power Distance Index (PDI) than the United States and formality still reigns in France. Which of the following American business practices would be most unacceptable to the French?      |  |  | | --- | --- | | A. | Using threats during business meetings. |  |  |  | | --- | --- | | B. | Interacting with members lower in rank. |  |  |  | | --- | --- | | C. | Showing impatience at business negotiations. |  |  |  | | --- | --- | | D. | Using first names in business encounters. |  |  |  | | --- | --- | | E. | Conducting business over dinner or lunch. | |

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| 63. | \_\_\_\_\_ is probably the most common mistake of North Americans attempting to trade in the Middle East.       |  |  | | --- | --- | | A. | Drinking |  |  |  | | --- | --- | | B. | Informality |  |  |  | | --- | --- | | C. | Impatience |  |  |  | | --- | --- | | D. | Excessive negotiation |  |  |  | | --- | --- | | E. | Casual dressing | |

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| 64. | Western cultures like most North Americans, Swiss, Germans, and Scandinavians tend to concentrate on one thing at a time and are typified by \_\_\_\_\_ time.       |  |  | | --- | --- | | A. | polychronic |  |  |  | | --- | --- | | B. | bimodal |  |  |  | | --- | --- | | C. | dual |  |  |  | | --- | --- | | D. | monochronic |  |  |  | | --- | --- | | E. | sequence | |

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| 65. | \_\_\_\_\_ is more dominant in high-context cultures, where the completion of a human transaction is emphasized more than holding to schedules.       |  |  | | --- | --- | | A. | Polychronic time |  |  |  | | --- | --- | | B. | Bimodal time |  |  |  | | --- | --- | | C. | Dual time |  |  |  | | --- | --- | | D. | Monochronic time |  |  |  | | --- | --- | | E. | Sequence time | |

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| 66. | Kan is a customer relations manager with a leading multinational firm. He has managed various operations and deals with numerous domestic and international clients everyday. Despite his hectic schedule, Kan never cuts a meeting short with anyone and frequently postpones subsequent meetings in order to devote ample time to each of his clients. Which of the following countries is he most probably from?       |  |  | | --- | --- | | A. | Japan |  |  |  | | --- | --- | | B. | Switzerland |  |  |  | | --- | --- | | C. | The United States |  |  |  | | --- | --- | | D. | Germany |  |  |  | | --- | --- | | E. | France | |

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| 67. | People in Brazil describe themselves as late arrivers, allow greater flexibility in defining early and late, are less concerned about being late, and are more likely to blame external factors for their lateness. Which system of time do the Brazilian people most likely operate on?       |  |  | | --- | --- | | A. | Polychronic time |  |  |  | | --- | --- | | B. | Bimodal time |  |  |  | | --- | --- | | C. | Dual time |  |  |  | | --- | --- | | D. | Monochronic time |  |  |  | | --- | --- | | E. | Sequence time | |

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| 68. | When compared to people operating on P-time, people operating on M-time:      |  |  | | --- | --- | | A. | follow looser time schedules. |  |  |  | | --- | --- | | B. | are more deeply involved with individuals. |  |  |  | | --- | --- | | C. | have a wait-and-see-what develops attitude. |  |  |  | | --- | --- | | D. | are more likely to blame external factors for their lateness. |  |  |  | | --- | --- | | E. | tend to concentrate on one thing at a time. | |

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| 69. | A firm whose marketing orientation is based on the belief that consumers and businesses alike will not buy enough without prodding is \_\_\_\_\_ oriented.       |  |  | | --- | --- | | A. | distribution |  |  |  | | --- | --- | | B. | process |  |  |  | | --- | --- | | C. | production |  |  |  | | --- | --- | | D. | product |  |  |  | | --- | --- | | E. | selling | |

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| 70. | Which of the following is true of the effect of differences in culture in business negotiations?       |  |  | | --- | --- | | A. | The basic elements of business negotiations differ from country to country. |  |  |  | | --- | --- | | B. | The risk of misunderstanding increases when negotiating with someone from a different culture. |  |  |  | | --- | --- | | C. | The possibility of misinterpretation is decreased when one uses one’s self-reference criterion. |  |  |  | | --- | --- | | D. | A standard rule in negotiating is to know your counterpart first. |  |  |  | | --- | --- | | E. | The negotiator’s cultural background need not have a bearing on the business talks. | |

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| 71. | Which of the following is true of P-time and M-time?       |  |  | | --- | --- | | A. | The American desire to get down to business is a manifestation of a P-time culture. |  |  |  | | --- | --- | | B. | The M-time system gives rise to looser time schedules. |  |  |  | | --- | --- | | C. | M-time is characterized by the simultaneous occurrence of many things. |  |  |  | | --- | --- | | D. | As global markets expand, more businesspeople from P-time cultures are adapting to M-time. |  |  |  | | --- | --- | | E. | Interruptions are routine for M-time businesspeople. | |

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| 72. | Which of the following best explains the low percentage of women chosen for international assignments in the United States?       |  |  | | --- | --- | | A. | The traditional role of women as homemakers and caregivers does not allow for international assignments. |  |  |  | | --- | --- | | B. | Women managers from the United States have a poorer track record when compared to their male counterparts. |  |  |  | | --- | --- | | C. | Prejudice faced by American women executives in foreign, male-dominated societies is exaggerated. |  |  |  | | --- | --- | | D. | There is a wide spread belief that roles of women in male-dominated societies precludes women from being successful in these societies. |  |  |  | | --- | --- | | E. | Expenses involved in sending a women executive abroad are far higher than the expenses in sending a man abroad. | |

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| 73. | In the context of business ethics, which of the following factors kept the American economy afloat at the turn of the century?       |  |  | | --- | --- | | A. | Missionaries and religious movements |  |  |  | | --- | --- | | B. | Cultural homogenization |  |  |  | | --- | --- | | C. | Rampant consumerism |  |  |  | | --- | --- | | D. | Intellectual property laws |  |  |  | | --- | --- | | E. | Currency speculators | |

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| 74. | In the context of business ethics, many people in sub-Saharan Africa view Western \_\_\_\_\_ as a kind of exploitation that prevents treatment of AIDS for millions.       |  |  | | --- | --- | | A. | missionaries and religious movements |  |  |  | | --- | --- | | B. | individualism |  |  |  | | --- | --- | | C. | R-rated American movies |  |  |  | | --- | --- | | D. | intellectual property laws |  |  |  | | --- | --- | | E. | currency speculators | |

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| 75. | Which organization conducts an international survey of businesspeople, political analysts, and the general public on corruption and compiles the Corruption Perception Index (CPI)?      |  |  | | --- | --- | | A. | Organization of American States (OAS). |  |  |  | | --- | --- | | B. | United Nations Convention against Corruption (UNCAC). |  |  |  | | --- | --- | | C. | Organization for Economic Cooperation and Development (OECD). |  |  |  | | --- | --- | | D. | Transparency International (TI). |  |  |  | | --- | --- | | E. | World Trade Organization (WTO). | |

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| 76. | Which of the following is true of the findings of Transparency International’s Corruption Perception Index?       |  |  | | --- | --- | | A. | Lower levels of bribery have been found in nations with a communist past. |  |  |  | | --- | --- | | B. | Higher levels of bribery have been found in low-power distance nations. |  |  |  | | --- | --- | | C. | Higher levels of bribery have been found in low-income nations. |  |  |  | | --- | --- | | D. | Lower levels of bribery have been found in collectivistic cultures. |  |  |  | | --- | --- | | E. | Lower levels of bribery have been found in low-income nations. | |

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| 77. | Which of the following is true of the business community’s view about payoffs?       |  |  | | --- | --- | | A. | The decision to pay a bribe is ethical in the business world. |  |  |  | | --- | --- | | B. | During the 1970s, the United States had strict laws against paying bribes in foreign countries. |  |  |  | | --- | --- | | C. | The Securities and Exchange Commissions requires all types of corporations to report their expenditures. |  |  |  | | --- | --- | | D. | Payoffs are restricted to the multinational companies headquartered in the United States. |  |  |  | | --- | --- | | E. | Many global competitors perceive payoffs as a necessary means to accomplish business goals. | |

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| 78. | Academic studies of the causes and consequences of bribery, conducted by Transparency International (TI), indicate corruption is greater in:       |  |  | | --- | --- | | A. | high income nations. |  |  |  | | --- | --- | | B. | democratic rather than communist countries. |  |  |  | | --- | --- | | C. | countries with high individualism. |  |  |  | | --- | --- | | D. | countries with low Power Distance Index. |  |  |  | | --- | --- | | E. | collectivistic nations. | |

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| 79. | Which aspect of Japanese culture, predicted by many to favor bribery, makes Japan's success in reducing corruption more remarkable?       |  |  | | --- | --- | | A. | Relationship-orientation |  |  |  | | --- | --- | | B. | Mechanistic inclination |  |  |  | | --- | --- | | C. | Patriarchal nature |  |  |  | | --- | --- | | D. | Ritualistic nature |  |  |  | | --- | --- | | E. | Consumerism | |

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| 80. | Which of the following countries is more likely to exhibit higher levels of bribery?      |  |  | | --- | --- | | A. | Individualistic cultures. |  |  |  | | --- | --- | | B. | Countries with a strong dependence on international trade. |  |  |  | | --- | --- | | C. | Nations with a communist past. |  |  |  | | --- | --- | | D. | High-income nations. |  |  |  | | --- | --- | | E. | Countries with low-power distance. | |

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| 81. | \_\_\_\_\_ occurs when payments are extracted under duress by someone in authority from a person seeking only what he or she is lawfully entitled to.       |  |  | | --- | --- | | A. | Extortion |  |  |  | | --- | --- | | B. | Subornation |  |  |  | | --- | --- | | C. | Lubrication |  |  |  | | --- | --- | | D. | Larceny |  |  |  | | --- | --- | | E. | Bribery | |

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| 82. | \_\_\_\_\_ involves a relatively small sum of cash, a gift, or a service that is intended to facilitate or expedite the normal, lawful performance of a duty by an official.       |  |  | | --- | --- | | A. | Extortion |  |  |  | | --- | --- | | B. | Subornation |  |  |  | | --- | --- | | C. | Lubrication |  |  |  | | --- | --- | | D. | Malfeasance |  |  |  | | --- | --- | | E. | Exaction | |

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| 83. | The finance minister of a developing country demands a heavy payment for approval of a multi-million dollar contract with a foreign company. This practice would be called \_\_\_\_\_.      |  |  | | --- | --- | | A. | extortion |  |  |  | | --- | --- | | B. | subornation |  |  |  | | --- | --- | | C. | lubrication |  |  |  | | --- | --- | | D. | larceny |  |  |  | | --- | --- | | E. | malfeasance | |

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| 84. | \_\_\_\_\_ generally involves giving large sums of money—frequently not properly accounted for—designed to entice an official to commit an illegal act on behalf of the one offering the bribe.       |  |  | | --- | --- | | A. | Agent charges |  |  |  | | --- | --- | | B. | Lubrication |  |  |  | | --- | --- | | C. | Extortion |  |  |  | | --- | --- | | D. | Subornation |  |  |  | | --- | --- | | E. | Ransom | |

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| 85. | A manager hires an agent to obtain a license to build a warehouse in an industrial district. The agent was caught offering a bribe to a government official for issue of the license. Which of the following describes the manager’s liabilities?       |  |  | | --- | --- | | A. | The manager is not liable since the use of an agent absolves him of any responsibility. |  |  |  | | --- | --- | | B. | The manager is liable since the agent used part of his fees for bribery, although the manager was unaware of the agent’s intentions. |  |  |  | | --- | --- | | C. | The manager is not liable if the agent can prove that extortion, rather than bribery, took place. |  |  |  | | --- | --- | | D. | The manager is liable if he was aware of the fact that part of the agent’s fee would be used as a bribe. |  |  |  | | --- | --- | | E. | The manager is liable only if the act of building the warehouse at the given location is illegal. | |

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| 86. | Which of the following ethical principles tries to optimize the “common good” or benefits of all constituencies?       |  |  | | --- | --- | | A. | Secularism and philanthropy |  |  |  | | --- | --- | | B. | Rights of the parties |  |  |  | | --- | --- | | C. | Justice or fairness |  |  |  | | --- | --- | | D. | Utilitarian ethics |  |  |  | | --- | --- | | E. | Self-reference frame | |

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| 87. | According to Lester Thurow, a(n) \_\_\_\_\_ form of capitalism is practiced in Japan and Germany typified by cooperation among government, management, and labor.      |  |  | | --- | --- | | A. | agonistic |  |  |  | | --- | --- | | B. | individualistic |  |  |  | | --- | --- | | C. | communitarian |  |  |  | | --- | --- | | D. | protectionist |  |  |  | | --- | --- | | E. | adversarial | |

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| 88. | According to Lester Thurow, in the British–American “individualistic” kind of capitalism relationships among government, management, and labor in business systems are \_\_\_\_\_.       |  |  | | --- | --- | | A. | cooperative |  |  |  | | --- | --- | | B. | commensalistic |  |  |  | | --- | --- | | C. | synergistic |  |  |  | | --- | --- | | D. | adversarial |  |  |  | | --- | --- | | E. | conciliatory | |

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| 89. | A culture that is low context, individualistic, low power distance, and uses monochromic time is \_\_\_\_\_.       |  |  | | --- | --- | | A. | information-oriented |  |  |  | | --- | --- | | B. | relationship-oriented |  |  |  | | --- | --- | | C. | hierarchy-oriented |  |  |  | | --- | --- | | D. | labor-oriented |  |  |  | | --- | --- | | E. | task-oriented | |

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| 90. | A culture that is high context, has collectivism, high power distance, and uses polychronic time is \_\_\_\_\_.       |  |  | | --- | --- | | A. | information-oriented |  |  |  | | --- | --- | | B. | relationship-oriented |  |  |  | | --- | --- | | C. | hierarchy-oriented |  |  |  | | --- | --- | | D. | power-oriented |  |  |  | | --- | --- | | E. | task-oriented | |

**Essay Questions**

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| 91. | How important is adaptation in international marketing? What are the basic criteria to deal with foreign firms? |

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| 92. | Briefly describe the different types of business customs. |

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| 93. | Discuss the American manager’s attitude toward objectivity in decision making. |

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| 94. | What is the fundamental notion of Western management practices? Is it universally acceptable? |

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| 95. | In the context of authority and decision making, briefly describe the shift from centralized to decentralized decision making. |

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| 96. | Distinguish between the two time systems in the world, as defined by Edward T. Hall. |

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| 97. | Describe the popularity of a marketing orientation as compared to a product orientation. |

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| 98. | Why do U.S. multinational companies hesitate to offer women international assignments? Is this prejudice justified? |

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| 99. | In the context of business ethics, distinguish between bribery and extortion with examples. |

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| 100. | Compare an information-oriented culture like America with a relationship-oriented culture like Japan. |

Chapter 05 Culture, Management Style, and Business Systems Answer Key

**True / False Questions**

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| 1. | Adaptation requires business executives to forsake their ways and change to local customs.     **FALSE**  Adaptation does not require business executives to forsake their ways and change to local customs; rather, executives must be aware of local customs and be willing to accommodate those differences that can cause misunderstandings. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 2 Medium Learning Objective: 05-01 The necessity for adapting to cultural differences Topic: Required Adaptation* |

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| 2. | We are less likely to evaluate a person’s behavior in terms of what is familiar to us because we use our self-reference criterion (SRC).     **FALSE**  The self-reference criterion (SRC) is especially operative in business customs. If we do not understand our foreign counterpart’s customs, we are more likely to evaluate that person’s behavior in terms of what is familiar to us. |

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| 3. | Cultural electives are business customs in which an outsider must not participate.     **FALSE**  Business customs can be grouped into imperatives, customs that must be recognized and accommodated; electives, customs to which adaptation is helpful but not necessary; and exclusives, customs in which an outsider must not participate. |

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| 4. | Cultural imperatives are business customs that are generally similar across cultures.     **FALSE**  A complicating factor in cultural awareness is that what may be an imperative to avoid in one culture is an imperative to do in another. |

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| 5. | The majority of business customs fit into the cultural elective category.     **TRUE**  Cultural electives relate to areas of behavior or to customs that cultural aliens may wish to conform to or participate in but that are not required. The majority of customs fit into this category. |

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| 6. | For most U.S. managers, judgment and intuition are the only basis for making decisions.     **FALSE**  Although judgment and intuition are important tools for making decisions, most U.S. managers believe decisions must be supported and based on accurate and relevant information. |

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| 7. | The idea of wide sharing in decision making is consistent with the views that one controls one’s own destiny.     **TRUE**  Compatible with the views that one controls one's own destiny and that advancement is based on merit is the prevailing idea of wide sharing in decision making. |

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| 8. | The notion that competition is crucial for efficiency, improvement, and regeneration is fundamental to Western management practices.     **TRUE**  Perhaps most fundamental to Western management practices is the notion that competition is crucial for efficiency, improvement, and regeneration. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 2 Medium Learning Objective: 05-01 The necessity for adapting to cultural differences Topic: The Impact of American Culture on Management Style* |

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| 9. | High-Power Distance Index countries are more egalitarian than low-Power Distance Index countries.     **FALSE**  In high-Power Distance Index (PDI) countries such as Mexico and Malaysia, understanding the rank and status of clients and business partners is much more important than in more egalitarian (low-PDI) societies such as Denmark and Israel. |

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| *AACSB: Reflective Thinking Blooms: Understand Difficulty Level: 2 Medium Learning Objective: 05-02 How and why management styles vary around the world Topic: Management Styles around the World* |

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| 10. | The three typical decision-making patterns are top-level management decisions, decentralized decisions, and committee or group decisions.     **TRUE**  Although the international businessperson is confronted with a variety of authority patterns that can complicate decision making in the global environment, most are a variation of three typical patterns: top-level management decisions, decentralized decisions, and committee or group decisions. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 2 Medium Learning Objective: 05-02 How and why management styles vary around the world Topic: Management Styles around the World* |

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| 11. | As businesses grow and professional management develops, there is a shift toward centralized management decision making.     **FALSE**  As businesses grow and professional management develops, there is a shift toward decentralized management decision making. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 2 Medium Learning Objective: 05-02 How and why management styles vary around the world Topic: Management Styles around the World* |

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| 12. | In the committee decision setup, every committee member must be convinced of the merits of the proposition or product in question.     **TRUE**  Committee decision making is by group or consensus. In the committee decision setup, every committee member must be convinced of the merits of the proposition or product in question. |

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| 13. | Workers in countries higher in individualism show more commitment than workers in countries with lower individualism and higher power distance.     **TRUE**  Research has shown that commitment of workers to their companies tended to be higher in countries higher in individualism (IDV) and lower in power distance. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 2 Medium Learning Objective: 05-02 How and why management styles vary around the world Topic: Management Styles around the World* |

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| 14. | High-context cultures place great importance on the verbal aspects of communication.     **FALSE**  Communication in a high-context culture depends heavily on the contextual (who says it, when it is said, how it is said) or nonverbal aspects of communication, whereas the low-context culture depends more on explicit, verbally expressed communications. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 2 Medium Learning Objective: 05-02 How and why management styles vary around the world Topic: Management Styles around the World* |

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| 15. | Businesspeople in low-context cultures use email more often than those in high-context cultures.     **TRUE**  E-mail use and usage rates by managers are also affected by culture. That is, businesspeople in high-context cultures do not use the medium to the same extent as those in low-context cultures. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 2 Medium Learning Objective: 05-02 How and why management styles vary around the world Topic: Management Styles around the World* |

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| 16. | Most high-context cultures operate on monochronic time.     **FALSE**  M-time, or monochronic time, typifies most North Americans, Swiss, Germans, and Scandinavians. Most low-context cultures operate on M-time. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 2 Medium Learning Objective: 05-02 How and why management styles vary around the world Topic: Management Styles around the World* |

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| 17. | Polychronic time is characterized by “a great involvement with people.”     **TRUE**  P-time, or polychronic time, is more dominant in high-context cultures, where the completion of a human transaction is emphasized more than holding to schedules. P-time is characterized by the simultaneous occurrence of many things and by "a great involvement with people." P-time allows for relationships to build and context to be absorbed as parts of high-context cultures. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 2 Medium Learning Objective: 05-02 How and why management styles vary around the world Topic: Management Styles around the World* |

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| 18. | The treatment local women receive in their own cultures is a clear indicator of how a foreign businesswoman will be treated.     **FALSE**  Despite the substantial prejudices toward women in foreign countries, evidence suggests that prejudice toward foreign women executives may be exaggerated and that the treatment local women receive in their own cultures is not necessarily an indicator of how a foreign businesswoman is treated. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 2 Medium Learning Objective: 05-03 The extent and implications of gender bias in other countries Topic: Gender Bias in International Business* |

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| 19. | The strength of a firm's backing is the key to success for both women and men in international business.     **FALSE**  A key to success for both men and women in international business often hinges on the strength of a firm's backing. When a female manager receives training and the strong backing of her firm, she usually receives the respect commensurate with the position she holds and the firm she represents. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 2 Medium Learning Objective: 05-03 The extent and implications of gender bias in other countries Topic: Business Ethics* |

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| 20. | In the United States, bribery is increasingly being considered a way of life because it is necessary for business.     **TRUE**  The U.S. advocacy of global antibribery laws has led to a series of accords by the member nations of the Organization for Economic Cooperation and Development (OECD), the Organization of American States (OAS), and the United Nations Convention against Corruption (UNCAC). Long considered almost a way of business life, bribery and other forms of corruption are now being increasingly criminalized. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 2 Medium Learning Objective: 05-04 The importance of cultural differences in business ethics Topic: Gender Bias in International Business* |

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| 21. | The distinction between bribery and extortion depends on whether the activity resulted from an offer or from a demand for payment.     **TRUE**  The distinction between bribery and extortion depends on whether the activity resulted from an offer or from a demand for payment. Voluntarily offered payment by someone seeking unlawful advantage is bribery. It is extortion if payments are extracted under duress by someone in authority from a person seeking only what he or she is lawfully entitled to. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 2 Medium Learning Objective: 05-04 The importance of cultural differences in business ethics Topic: Business Ethics* |

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| 22. | Subornation payments accompany requests for a person to do a job more rapidly or more efficiently.     **FALSE**  Lubrication payments accompany requests for a person to do a job more rapidly or more efficiently; subornation is a request for officials to turn their heads, to not do their jobs, or to break the law. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 2 Medium Learning Objective: 05-04 The importance of cultural differences in business ethics Topic: Business Ethics* |

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| 23. | Lubrication is a request for officials to turn their heads, to not do their jobs, or to break the law.     **TRUE**  Lubrication payments accompany requests for a person to do a job more rapidly or more efficiently; subornation is a request for officials to turn their heads, to not do their jobs, or to break the law. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 2 Medium Learning Objective: 05-04 The importance of cultural differences in business ethics Topic: Business Ethics* |

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| 24. | Utilitarian ethics is the ethical principle that focuses on the optimization of the “common good.”     **TRUE**  Three ethical principles also provide a framework to help the marketer distinguish between right and wrong, determine what ought to be done, and properly justify his or her actions. They are as follows: Utilitarian ethics: Does the action optimize the “common good” or benefits of all constituencies? And who are the pertinent constituencies? Rights of the parties: Does the action respect the rights of the individuals involved? Justice or fairness: Does the action respect the canons of justice or fairness to all parties involved? |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 2 Medium Learning Objective: 05-04 The importance of cultural differences in business ethics Topic: Business Ethics* |

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| 25. | In the less individualistic cultures, labor and management are generally hostile.     **FALSE**  In the less individualistic cultures, labor and management cooperate—in Germany labor is represented on corporate boards, and in Japan, management takes responsibility for the welfare of the labor force. The individualistic American approach to labor–management relations is adversarial—each side takes care of itself. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 2 Medium Learning Objective: 05-04 The importance of cultural differences in business ethics Topic: Business Ethics* |

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| 26. | A distinguishing characteristic of the type of capitalism common in Chinese culture is the emphasis on *guanxi* as the coordinating principle among firms.     **TRUE**  A fourth kind of capitalism is common in Chinese cultures. Its distinguishing characteristics are a more entrepreneurial approach and an emphasis on *guanxi* (one’s network of personal connections) as the coordinating principle among firms. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 05-04 The importance of cultural differences in business ethics Topic: Business Ethics* |

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| 27. | Chinese cultures are high on Power Distance Index and low on Individualism/Collective Index.     **TRUE**  Chinese cultures are high on Power Distance Index (PDI) and low on Individualism/Collective Index (IDV), and the strong reciprocity implied by the notion of *guanxi* fits the available data well. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 05-04 The importance of cultural differences in business ethics Topic: Business Ethics* |

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| 28. | High-context cultures score high on power distance and low on individualism.     **TRUE**  Low-context American culture scores relatively low on power distance and high on individualism, whereas high-context Arab cultures score high on power distance and low on individualism. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 2 Medium Learning Objective: 05-05 The differences between relationship-oriented and information-oriented cultures Topic: Synthesis: Relationship-Oriented versus Information-Oriented Cultures* |

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| 29. | The most managerially useful aspect of the synthesis of cultural differences is that it allows us to make predictions about unfamiliar cultures.     **TRUE**  The most managerially useful aspect of this synthesis of cultural differences is that it allows us to make predictions about unfamiliar cultures. Reference to the three metrics available gives us some clues about how consumers and/or business partners will behave and think. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 2 Medium Learning Objective: 05-05 The differences between relationship-oriented and information-oriented cultures Topic: Synthesis: Relationship-Oriented versus Information-Oriented Cultures* |

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| 30. | It is not possible to obtain measures of linguistic distance for every country and every person.     **FALSE**  Measures of linguistic distance (any language can be used as the focal one, not just English) are available for every country and, indeed, every person. Thus, we would expect that someone who speaks Javanese as a first language to be relationship oriented. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 2 Medium Learning Objective: 05-05 The differences between relationship-oriented and information-oriented cultures Topic: Synthesis: Relationship-Oriented versus Information-Oriented Cultures* |

**Multiple Choice Questions**

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| 31. | Which of the following is a criterion for adaptation when dealing with individuals, firms, or authorities in foreign countries?       |  |  | | --- | --- | | A. | Profit motive |  |  |  | | --- | --- | | B. | Cultural apathy |  |  |  | | --- | --- | | C. | Hypersensitivity |  |  |  | | --- | --- | | **D.** | Flexibility |  |  |  | | --- | --- | | E. | Time-consciousness |   As a guide to adaptation, all who wish to deal with individuals, firms, or authorities in foreign countries should be able to meet 10 basic criteria: (1) open tolerance, (2) flexibility, (3) humility, (4) justice/fairness, (5) ability to adjust to varying tempos, (6) curiosity/ interest, (7) knowledge of the country, (8) liking for others, (9) ability to command respect, and (10) ability to integrate oneself into the environment. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 05-01 The necessity for adapting to cultural differences Topic: Required Adaptation* |

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| 32. | Which of the following is true of adaptation in international marketing?       |  |  | | --- | --- | | **A.** | Willingness to adapt is a crucial attitude in international marketing. |  |  |  | | --- | --- | | B. | Adaptation requires business executives to forsake their ways and change to local customs. |  |  |  | | --- | --- | | C. | Mere tolerance of alien cultures is sufficient in international marketing. |  |  |  | | --- | --- | | D. | Open tolerance is considered to be an unnecessary concession to foreign cultures. |  |  |  | | --- | --- | | E. | Empathy for foreign cultures may lead to cultural discord. |   Adaptation is a key concept in international marketing, and willingness to adapt is a crucial attitude. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 2 Medium Learning Objective: 05-01 The necessity for adapting to cultural differences Topic: Required Adaptation* |

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| 33. | Business customs can be grouped into:       |  |  | | --- | --- | | A. | rigid, flexible, and negotiables. |  |  |  | | --- | --- | | B. | internals, externals, and consensual customs. |  |  |  | | --- | --- | | **C.** | imperatives, electives, and exclusives. |  |  |  | | --- | --- | | D. | national, foreign, and international. |  |  |  | | --- | --- | | E. | unilateral, bilateral, and multilateral. |   Business customs can be grouped into imperatives, electives, and exclusives. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 1 Easy Learning Objective: 05-01 The necessity for adapting to cultural differences Topic: Required Adaptation* |

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| 34. | \_\_\_\_\_ are the business customs and expectations that must be met and conformed to or avoided if relationships are to be successful.       |  |  | | --- | --- | | A. | Cultural exclusives |  |  |  | | --- | --- | | B. | Business electives |  |  |  | | --- | --- | | C. | Global protocols |  |  |  | | --- | --- | | D. | Business axioms |  |  |  | | --- | --- | | **E.** | Cultural imperatives |   Cultural imperatives are the business customs and expectations that must be met and conformed to or avoided if relationships are to be successful. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 05-01 The necessity for adapting to cultural differences Topic: Required Adaptation* |

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| 35. | Business customs that must be recognized and accommodated are called \_\_\_\_\_.       |  |  | | --- | --- | | **A.** | imperatives |  |  |  | | --- | --- | | B. | electives |  |  |  | | --- | --- | | C. | exclusives |  |  |  | | --- | --- | | D. | obligations |  |  |  | | --- | --- | | E. | constraints |   Business customs can be grouped into imperatives, customs that must be recognized and accommodated; electives, customs to which adaptation is helpful but not necessary; and exclusives, customs in which an outsider must not participate. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 05-01 The necessity for adapting to cultural differences Topic: Required Adaptation* |

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| 36. | Business customs to which adaptation is helpful but not necessary are called \_\_\_\_\_.       |  |  | | --- | --- | | A. | imperatives |  |  |  | | --- | --- | | **B.** | electives |  |  |  | | --- | --- | | C. | exclusives |  |  |  | | --- | --- | | D. | non-traditional |  |  |  | | --- | --- | | E. | standardized |   Business customs can be grouped into imperatives, customs that must be recognized and accommodated; electives, customs to which adaptation is helpful but not necessary; and exclusives, customs in which an outsider must not participate. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 05-01 The necessity for adapting to cultural differences Topic: Required Adaptation* |

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| 37. | Business customs in which an outsider must not participate are called \_\_\_\_\_.      |  |  | | --- | --- | | A. | imperatives |  |  |  | | --- | --- | | B. | electives |  |  |  | | --- | --- | | **C.** | exclusives |  |  |  | | --- | --- | | D. | absolutes |  |  |  | | --- | --- | | E. | statutes |   Business customs can be grouped into imperatives, customs that must be recognized and accommodated; electives, customs to which adaptation is helpful but not necessary; and exclusives, customs in which an outsider must not participate. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 05-01 The necessity for adapting to cultural differences Topic: Required Adaptation* |

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| 38. | Which of the following would most likely be characterized as being an imperative business custom in many cultures?      |  |  | | --- | --- | | **A.** | Establishing friendships. |  |  |  | | --- | --- | | B. | Speaking the local language. |  |  |  | | --- | --- | | C. | Understanding the native religions. |  |  |  | | --- | --- | | D. | Drinking the local drinks. |  |  |  | | --- | --- | | E. | Having knowledge of the local sport. |   Establishing friendship is an imperative in many cultures. If friendship is not established, the marketer risks not earning trust and acceptance, the basic cultural prerequisites for developing and retaining effective business relationships. |

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| *AACSB: Reflective Thinking Blooms: Apply Difficulty Level: 2 Medium Learning Objective: 05-01 The necessity for adapting to cultural differences Topic: Required Adaptation* |

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| 39. | Simon Peters, a senior manager at Celise Export Logistics, goes for a meeting in France to negotiate a deal with the company’s French partners. He dresses casually in a t-shirt and jeans. His French counterparts call off the meeting and accuse him of taking a casual attitude toward negotiations. In the context of this scenario, dressing formally during business meetings is probably a cultural \_\_\_\_\_ for the French.       |  |  | | --- | --- | | **A.** | imperative |  |  |  | | --- | --- | | B. | elective |  |  |  | | --- | --- | | C. | exclusive |  |  |  | | --- | --- | | D. | oddity |  |  |  | | --- | --- | | E. | benchmark |   Cultural imperatives are the business customs and expectations that must be met and conformed to or avoided if relationships are to be successful. |

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| *AACSB: Reflective Thinking Blooms: Apply Difficulty Level: 2 Medium Learning Objective: 05-01 The necessity for adapting to cultural differences Topic: Required Adaptation* |

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| 40. | Betty Roberts became an embarrassment to her company when she joked about the ruling monarchy in England in front of a group of visiting English businesspeople. She should have known that political ridicule by a foreigner is rarely accepted. Ms. Roberts has violated what is known as a cultural \_\_\_\_\_.       |  |  | | --- | --- | | A. | imperative |  |  |  | | --- | --- | | B. | elective |  |  |  | | --- | --- | | **C.** | exclusive |  |  |  | | --- | --- | | D. | landmark |  |  |  | | --- | --- | | E. | standard |   Cultural exclusives are those customs or behavior patterns reserved exclusively for the locals and from which the foreigner is barred. |

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| *AACSB: Reflective Thinking Blooms: Apply Difficulty Level: 2 Medium Learning Objective: 05-01 The necessity for adapting to cultural differences Topic: Required Adaptation* |

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| 41. | Which of the following could be the least acceptable behavior in a business setting, especially in a cross-cultural scenario?      |  |  | | --- | --- | | **A.** | Correcting someone in public. |  |  |  | | --- | --- | | B. | Staying away from greeting another man with a kiss (a custom in some countries). |  |  |  | | --- | --- | | C. | Refusing to eat foods that disagree with your palate. |  |  |  | | --- | --- | | D. | Refusing to drink alcoholic beverages. |  |  |  | | --- | --- | | E. | Opting not to dance along with the crowd. |   In some cultures, a person’s demeanor is more critical than in other cultures. For example, it is probably never acceptable to lose your patience, raise your voice, or correct someone in public, no matter how frustrating the situation. In some cultures such behavior would only cast you as boorish, but in others, it could end a business deal. |

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| *AACSB: Reflective Thinking Blooms: Understand Difficulty Level: 3 Hard Learning Objective: 05-01 The necessity for adapting to cultural differences Topic: Required Adaptation* |

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| 42. | Which of the following views is consistent with normative U.S. cultural concepts?       |  |  | | --- | --- | | A. | Collective good outweighs the individual gain. |  |  |  | | --- | --- | | B. | The decision-making power lies in the hands of the highest authority. |  |  |  | | --- | --- | | C. | Personal relationships are more important in daily life than work and the company. |  |  |  | | --- | --- | | **D.** | Independent enterprise is an instrument for social action. |  |  |  | | --- | --- | | E. | A broader set of stakeholders is crucial to the company. |   The most important ideas on which normative U.S. cultural concepts are based are the following: 1) "Master of destiny" viewpoint, 2) Independent enterprise as the instrument of social action, 3) Personnel selection and reward based on merit, 4) Decisions based on objective analysis, 5) Wide sharing in decision making, 6) Never-ending quest for improvement, and 7) Competition producing efficiency. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 05-01 The necessity for adapting to cultural differences Topic: The Impact of American Culture on Management Style* |

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| 43. | Which philosophy of U.S. management recognizes that people influence the future to a large extent and that they control their own fates?      |  |  | | --- | --- | | A. | Independent enterprise as the instrument of social action. |  |  |  | | --- | --- | | B. | Wide sharing in decision making. |  |  |  | | --- | --- | | **C.** | “Master of destiny” viewpoint. |  |  |  | | --- | --- | | D. | Never-ending quest for improvement. |  |  |  | | --- | --- | | E. | Competition produces efficiency. |   The “master of destiny” philosophy is fundamental to U.S. management thought. Simply stated, people can substantially influence the future; they are in control of their own destinies. This viewpoint also reflects the attitude that though luck may influence an individual’s future, on balance, persistence, hard work, a commitment to fulfill expectations, and effective use of time give people control of their destinies. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 2 Medium Learning Objective: 05-01 The necessity for adapting to cultural differences Topic: The Impact of American Culture on Management Style* |

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| 44. | There is a very strong belief in the United States that business decisions must be supported and based on accurate and relevant information. Which of the following best describes this approach?       |  |  | | --- | --- | | A. | “Master of destiny” viewpoint |  |  |  | | --- | --- | | B. | Independent enterprise as the instrument of social action |  |  |  | | --- | --- | | **C.** | Objective analysis |  |  |  | | --- | --- | | D. | Wide sharing in decision making |  |  |  | | --- | --- | | E. | Never-ending quest for improvement |   The very strong belief in the United States that business decisions are based on objective analysis and that managers strive to be scientific has a profound effect on the U.S. manager’s attitudes toward objectivity in decision making and accuracy of data. Although judgment and intuition are important tools for making decisions, most U.S. managers believe decisions must be supported and based on accurate and relevant information. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 2 Medium Learning Objective: 05-01 The necessity for adapting to cultural differences Topic: The Impact of American Culture on Management Style* |

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| 45. | Which of the following is consistent with the American view of the independent enterprise?       |  |  | | --- | --- | | A. | A corporation should fall under the control of the state government. |  |  |  | | --- | --- | | **B.** | A corporation is an entity that has rules and continuity of existence. |  |  |  | | --- | --- | | C. | The largest proportion of a corporation’s profits must go to social causes. |  |  |  | | --- | --- | | D. | A company should be equally owned by all employees and stakeholders. |  |  |  | | --- | --- | | E. | Corporations do not take precedence over family and social relationships. |   The acceptance of the idea that independent enterprise is an instrument for social action is the fundamental concept of U.S. corporations. A corporation is recognized as an entity that has rules and continuity of existence and is a separate and vital social institution. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 2 Medium Learning Objective: 05-01 The necessity for adapting to cultural differences Topic: The Impact of American Culture on Management Style* |

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| 46. | The recognition of U.S. corporations as entities that have rules and continuity of existence and are separate, vital social institutions can result in:       |  |  | | --- | --- | | **A.** | feelings of obligation among employees to serve the company. |  |  |  | | --- | --- | | B. | scientific decision making by employees and managers. |  |  |  | | --- | --- | | C. | superstitious beliefs playing a role in decision making. |  |  |  | | --- | --- | | D. | decision making being limited to upper management. |  |  |  | | --- | --- | | E. | a collectivist identity among employees. |   The acceptance of the idea that independent enterprise is an instrument for social action is the fundamental concept of U.S. corporations. A corporation is recognized as an entity that has rules and continuity of existence and is a separate and vital social institution. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 3 Hard Learning Objective: 05-01 The necessity for adapting to cultural differences Topic: The Impact of American Culture on Management Style* |

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| 47. | Adam Smith in his Wealth of Nations stated, “By pursuing his own interest he frequently promotes that of the society more effectually than when he really intended to promote it.” What behavior does this notion attempt to justify?       |  |  | | --- | --- | | A. | Collectivism |  |  |  | | --- | --- | | B. | Loyalty |  |  |  | | --- | --- | | C. | Greed |  |  |  | | --- | --- | | **D.** | Competitiveness |  |  |  | | --- | --- | | E. | Cooperation |   Adam Smith in his The Wealth of Nations wrote one of the most important sentences in the English language: “By pursuing his own interests he frequently promotes that of the society more effectually than when he really intended to promote it.” This “invisible hand” notion justifies competitive behavior because it improves society and its organizations. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 2 Medium Learning Objective: 05-01 The necessity for adapting to cultural differences Topic: The Impact of American Culture on Management Style* |

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| 48. | The notion that \_\_\_\_\_ is crucial for efficiency, improvement, and regeneration is fundamental to Western management practices.       |  |  | | --- | --- | | A. | greed |  |  |  | | --- | --- | | B. | collectivism |  |  |  | | --- | --- | | C. | centralization |  |  |  | | --- | --- | | **D.** | competition |  |  |  | | --- | --- | | E. | hierarchy |   Fundamental to Western management practices is the notion that competition is crucial for efficiency, improvement, and regeneration. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 05-01 The necessity for adapting to cultural differences Topic: The Impact of American Culture on Management Style* |

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| 49. | In \_\_\_\_\_ decision making, participation by middle management tends to be deemphasized.       |  |  | | --- | --- | | A. | democratic |  |  |  | | --- | --- | | B. | decentralized |  |  |  | | --- | --- | | C. | decentralized committee |  |  |  | | --- | --- | | D. | non-hierarchical |  |  |  | | --- | --- | | **E.** | top-level management |   Top-level management decision making is generally found in situations in which family or close ownership gives absolute control to owners and businesses are small enough to allow such centralized decision making. Decision-making participation by middle management tends to be deemphasized; dominant family members make decisions that tend to please the family members more than to increase productivity. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 05-02 How and why management styles vary around the world Topic: Management Styles around the World* |

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| 50. | As businesses grow and professional management develops, there is a shift toward:       |  |  | | --- | --- | | A. | centralized group decision making. |  |  |  | | --- | --- | | **B.** | decentralized management decision making. |  |  |  | | --- | --- | | C. | centralized decision making. |  |  |  | | --- | --- | | D. | top-level management decision making. |  |  |  | | --- | --- | | E. | experimental decision making. |   As businesses grow and professional management develops, there is a shift toward decentralized management decision making. Decentralized decision making allows executives at different levels of management to exercise authority over their own functions. |

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| 51. | A characteristic of committee decision making is that it is:       |  |  | | --- | --- | | A. | found in small businesses. |  |  |  | | --- | --- | | B. | done to please important family members. |  |  |  | | --- | --- | | C. | based on rank and hierarchy. |  |  |  | | --- | --- | | D. | rarely employed in Asian countries. |  |  |  | | --- | --- | | **E.** | by group or consensus. |   Committee decision making is by group or consensus. Committees may operate on a centralized or decentralized basis, but the concept of committee management implies something quite different from the individualized functioning of the top management and decentralized decision-making arrangements. |

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| 52. | Which of the following forms of business decision making is predominant in most Asian countries?       |  |  | | --- | --- | | A. | Independent |  |  |  | | --- | --- | | B. | Contractual |  |  |  | | --- | --- | | C. | Democratic |  |  |  | | --- | --- | | **D.** | Group |  |  |  | | --- | --- | | E. | Dictatorial |   Because Asian cultures and religions tend to emphasize harmony and collectivism, group decision making predominates there. |

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| 53. | In \_\_\_\_\_ decision making, title or position generally takes precedence over the individual holding the job.       |  |  | | --- | --- | | A. | committee |  |  |  | | --- | --- | | **B.** | decentralized |  |  |  | | --- | --- | | C. | top-level management |  |  |  | | --- | --- | | D. | consensus |  |  |  | | --- | --- | | E. | dictatorial |   Decentralized decision making allows executives at different levels of management to exercise authority over their own functions, and title or position generally takes precedence over the individual holding the job. |

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| 54. | Companies in \_\_\_\_\_ countries have a strong paternalistic orientation, and assume that individuals will work for one company for the majority of their lives.       |  |  | | --- | --- | | **A.** | more hierarchical |  |  |  | | --- | --- | | B. | more egalitarian |  |  |  | | --- | --- | | C. | high Power Distance Index |  |  |  | | --- | --- | | D. | low Uncertainty Avoidance Index |  |  |  | | --- | --- | | E. | low in individualism |   European companies, particularly in the more hierarchical (Power Distance Index) countries, such as France and Italy, have a strong paternalistic orientation, and it is assumed that individuals will work for one company for the majority of their lives. |

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| 55. | In the context of management objectives and aspirations, which of the following is true of an employee’s personal life?       |  |  | | --- | --- | | A. | Max Weber discovered that some cultures emphasized profit over personal life. |  |  |  | | --- | --- | | B. | The Japanese work ethic derives from the belief of *feng shui*. |  |  |  | | --- | --- | | C. | Ancient Greek thought considered work to be a desirable factor in one’s life. |  |  |  | | --- | --- | | **D.** | To the Japanese, personal life is company life. |  |  |  | | --- | --- | | E. | McClelland opined that the standard of living enjoyed in the United States originated from the hard-working Protestant ethic. |   To the Japanese, personal life is company life. Many Japanese workers regard their work as the most important part of their overall lives. |

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| 56. | Research has shown that commitment of workers to their companies tended to be higher in countries:       |  |  | | --- | --- | | **A.** | higher in individualism and lower in power distance. |  |  |  | | --- | --- | | B. | higher in collectivism and lower in individualism. |  |  |  | | --- | --- | | C. | lower in individualism and higher in power distance. |  |  |  | | --- | --- | | D. | higher in power distance and higher in individualism. |  |  |  | | --- | --- | | E. | higher in collectivism and higher in power distance. |   Research has shown that commitment of workers to their companies tended to be higher in countries higher in individualism (IDV) and lower in power distance (PDI). |

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| 57. | According to Max Weber, at least part of the standard of living in the United States today can be attributed to the:       |  |  | | --- | --- | | **A.** | hard-working Protestant ethic. |  |  |  | | --- | --- | | B. | artificially low price of gasoline. |  |  |  | | --- | --- | | C. | almost complete penetration of the Internet. |  |  |  | | --- | --- | | D. | status equalization by the business class. |  |  |  | | --- | --- | | E. | slave-labor that formed the basis for early industry. |   According to Max Weber, at least part of the standard of living that we enjoy in the United States today can be attributed to the hard-working Protestant ethic from which we derive much of our business heritage. |

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| 58. | Which of the following aspects of communication is more important in a low-context culture?       |  |  | | --- | --- | | **A.** | Explicit communication |  |  |  | | --- | --- | | B. | Nonverbal communication |  |  |  | | --- | --- | | C. | Contextual communication |  |  |  | | --- | --- | | D. | Face-to-face communication |  |  |  | | --- | --- | | E. | Implicit communication |   Communication in a high-context culture depends heavily on the contextual (who says it, when it is said, how it is said) or nonverbal aspects of communication, whereas the low-context culture depends more on explicit, verbally expressed communications. |

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| 59. | According to the high-context/low-context continuum identified by Edward T. Hall, communication in a low-context culture depends on:       |  |  | | --- | --- | | A. | the context. |  |  |  | | --- | --- | | B. | who says it. |  |  |  | | --- | --- | | C. | when it is said. |  |  |  | | --- | --- | | D. | how it is said. |  |  |  | | --- | --- | | **E.** | the verbal expression. |   Communication in a high-context culture depends heavily on the contextual (who says it, when it is said, how it is said) or nonverbal aspects of communication, whereas the low-context culture depends more on explicit, verbally expressed communications. |

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| 60. | Fredrick Keeble, an American manager, took his Swiss client out for a traditional American dinner. The client did not seem to enjoy the food and left most of it untouched. After dinner, he asked his client if he had enjoyed the dinner. Which of the following responses would indicate that the client comes from a low-context culture?       |  |  | | --- | --- | | **A.** | No, I did not like the food. |  |  |  | | --- | --- | | B. | Yes, but it was a little too oily. |  |  |  | | --- | --- | | C. | No, I thought the food was good. |  |  |  | | --- | --- | | D. | Yes, it was lovely, thanks. |  |  |  | | --- | --- | | E. | Yes, unfortunately I was not very hungry. |   Low-context cultures deliver their opinion without much social padding. |

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| 61. | Which of the following is the best means of solving the problem of language on the Internet?      |  |  | | --- | --- | | A. | Using minimal language in websites and using graphics and diagrams to convey messages. |  |  |  | | --- | --- | | B. | Using language translation software to translate communication in all languages. |  |  |  | | --- | --- | | **C.** | Having country-specific websites so that everyone can communicate in their own language. |  |  |  | | --- | --- | | D. | Using foreign language blocking software to screen international communications. |  |  |  | | --- | --- | | E. | Training employees to communicate in all languages used by foreign customers. |   Estimates are that 78 percent of today’s website content is written in English, but an English e-mail message cannot be understood by 35 percent of all Internet users. The solution to the problem is to have country-specific websites, like those of IBM and Marriott. |

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| 62. | France is higher on Hofstede’s Power Distance Index (PDI) than the United States and formality still reigns in France. Which of the following American business practices would be most unacceptable to the French?      |  |  | | --- | --- | | A. | Using threats during business meetings. |  |  |  | | --- | --- | | B. | Interacting with members lower in rank. |  |  |  | | --- | --- | | C. | Showing impatience at business negotiations. |  |  |  | | --- | --- | | **D.** | Using first names in business encounters. |  |  |  | | --- | --- | | E. | Conducting business over dinner or lunch. |   While using first names in business encounters is regarded as an American vice in many countries, nowhere is it found more offensive than in France. France is higher on Hofstede’s Power Distance Index (PDI) than the United States, and such differences can lead to cultural misunderstandings. |

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| 63. | \_\_\_\_\_ is probably the most common mistake of North Americans attempting to trade in the Middle East.       |  |  | | --- | --- | | A. | Drinking |  |  |  | | --- | --- | | B. | Informality |  |  |  | | --- | --- | | **C.** | Impatience |  |  |  | | --- | --- | | D. | Excessive negotiation |  |  |  | | --- | --- | | E. | Casual dressing |   Haste and impatience are probably the most common mistakes of North Americans attempting to trade in the Middle East. Most Arabs do not like to embark on serious business discussions until after two or three opportunities to meet the individual they are dealing with. |

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| 64. | Western cultures like most North Americans, Swiss, Germans, and Scandinavians tend to concentrate on one thing at a time and are typified by \_\_\_\_\_ time.       |  |  | | --- | --- | | A. | polychronic |  |  |  | | --- | --- | | B. | bimodal |  |  |  | | --- | --- | | C. | dual |  |  |  | | --- | --- | | **D.** | monochronic |  |  |  | | --- | --- | | E. | sequence |   M-time, or monochronic time, typifies most North Americans, Swiss, Germans, and Scandinavians. These Western cultures tend to concentrate on one thing at a time. They divide time into small units and are concerned with promptness. M-time is used in a linear way, and it is experienced as almost tangible, in that one saves time, wastes time, bides time, spends time, and loses time. |

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| 65. | \_\_\_\_\_ is more dominant in high-context cultures, where the completion of a human transaction is emphasized more than holding to schedules.       |  |  | | --- | --- | | **A.** | Polychronic time |  |  |  | | --- | --- | | B. | Bimodal time |  |  |  | | --- | --- | | C. | Dual time |  |  |  | | --- | --- | | D. | Monochronic time |  |  |  | | --- | --- | | E. | Sequence time |   Estimates are that 78 percent of today's Web site content is written in English, but an English e-mail message cannot be understood by 35 percent of all Internet users. The solution to the problem is to have country-specific Web sites, like those of IBM and Marriott. |

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| 66. | Kan is a customer relations manager with a leading multinational firm. He has managed various operations and deals with numerous domestic and international clients everyday. Despite his hectic schedule, Kan never cuts a meeting short with anyone and frequently postpones subsequent meetings in order to devote ample time to each of his clients. Which of the following countries is he most probably from?       |  |  | | --- | --- | | **A.** | Japan |  |  |  | | --- | --- | | B. | Switzerland |  |  |  | | --- | --- | | C. | The United States |  |  |  | | --- | --- | | D. | Germany |  |  |  | | --- | --- | | E. | France |   P-time, or polychronic time, is more dominant in high-context cultures, where the completion of a human transaction is emphasized more than holding to schedules. P-time allows for relationships to build and context to be absorbed as parts of high-context cultures. |

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| 67. | People in Brazil describe themselves as late arrivers, allow greater flexibility in defining early and late, are less concerned about being late, and are more likely to blame external factors for their lateness. Which system of time do the Brazilian people most likely operate on?       |  |  | | --- | --- | | **A.** | Polychronic time |  |  |  | | --- | --- | | B. | Bimodal time |  |  |  | | --- | --- | | C. | Dual time |  |  |  | | --- | --- | | D. | Monochronic time |  |  |  | | --- | --- | | E. | Sequence time |   The P-time system gives rise to looser time schedules, deeper involvement with individuals, and a wait-and-see-what develops attitude. |

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| *AACSB: Analytic Blooms: Apply Difficulty Level: 1 Easy Learning Objective: 05-02 How and why management styles vary around the world Topic: Management Styles around the World* |

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| 68. | When compared to people operating on P-time, people operating on M-time:      |  |  | | --- | --- | | A. | follow looser time schedules. |  |  |  | | --- | --- | | B. | are more deeply involved with individuals. |  |  |  | | --- | --- | | C. | have a wait-and-see-what develops attitude. |  |  |  | | --- | --- | | D. | are more likely to blame external factors for their lateness. |  |  |  | | --- | --- | | **E.** | tend to concentrate on one thing at a time. |   M-time, or monochronic time, typifies most North Americans, Swiss, Germans, and Scandinavians. These Western cultures tend to concentrate on one thing at a time. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 1 Easy Learning Objective: 05-02 How and why management styles vary around the world Topic: Management Styles around the World* |

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| 69. | A firm whose marketing orientation is based on the belief that consumers and businesses alike will not buy enough without prodding is \_\_\_\_\_ oriented.       |  |  | | --- | --- | | A. | distribution |  |  |  | | --- | --- | | B. | process |  |  |  | | --- | --- | | C. | production |  |  |  | | --- | --- | | D. | product |  |  |  | | --- | --- | | **E.** | selling |   A firm whose marketing orientation is based on the belief that consumers and businesses alike will not buy enough without prodding is selling oriented. |

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| 70. | Which of the following is true of the effect of differences in culture in business negotiations?       |  |  | | --- | --- | | A. | The basic elements of business negotiations differ from country to country. |  |  |  | | --- | --- | | **B.** | The risk of misunderstanding increases when negotiating with someone from a different culture. |  |  |  | | --- | --- | | C. | The possibility of misinterpretation is decreased when one uses one’s self-reference criterion. |  |  |  | | --- | --- | | D. | A standard rule in negotiating is to know your counterpart first. |  |  |  | | --- | --- | | E. | The negotiator’s cultural background need not have a bearing on the business talks. |   It is important to remember that the negotiating process is complicated, and the risk of misunderstanding increases when negotiating with someone from another culture. |

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| 71. | Which of the following is true of P-time and M-time?       |  |  | | --- | --- | | A. | The American desire to get down to business is a manifestation of a P-time culture. |  |  |  | | --- | --- | | B. | The M-time system gives rise to looser time schedules. |  |  |  | | --- | --- | | C. | M-time is characterized by the simultaneous occurrence of many things. |  |  |  | | --- | --- | | **D.** | As global markets expand, more businesspeople from P-time cultures are adapting to M-time. |  |  |  | | --- | --- | | E. | Interruptions are routine for M-time businesspeople. |   The important thing for the U.S. manager to learn is adjustment to P-time in order to avoid the anxiety and frustration that comes from being out of synchronization with local time. As global markets expand, however, more businesspeople from P-time cultures are adapting to M-time. |

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| 72. | Which of the following best explains the low percentage of women chosen for international assignments in the United States?       |  |  | | --- | --- | | A. | The traditional role of women as homemakers and caregivers does not allow for international assignments. |  |  |  | | --- | --- | | B. | Women managers from the United States have a poorer track record when compared to their male counterparts. |  |  |  | | --- | --- | | C. | Prejudice faced by American women executives in foreign, male-dominated societies is exaggerated. |  |  |  | | --- | --- | | **D.** | There is a wide spread belief that roles of women in male-dominated societies precludes women from being successful in these societies. |  |  |  | | --- | --- | | E. | Expenses involved in sending a women executive abroad are far higher than the expenses in sending a man abroad. |   The gender bias against female managers that exists in some countries, coupled with myths harbored by male managers, creates hesitancy among U.S. multinational companies to offer women international assignments. The most frequently cited reason is the inability for women to succeed abroad. Unfortunately, such attitudes are shared by many and probably stem from the belief that the traditional roles of women in male-dominated societies preclude women from establishing successful relationships with host-country associates. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 1 Easy Learning Objective: 05-03 The extent and implications of gender bias in other countries Topic: Gender Bias in International Business* |

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| 73. | In the context of business ethics, which of the following factors kept the American economy afloat at the turn of the century?       |  |  | | --- | --- | | A. | Missionaries and religious movements |  |  |  | | --- | --- | | B. | Cultural homogenization |  |  |  | | --- | --- | | **C.** | Rampant consumerism |  |  |  | | --- | --- | | D. | Intellectual property laws |  |  |  | | --- | --- | | E. | Currency speculators |   The individualism so important to Americans can also be seen as a kind of corruption. In India many attribute the decline in the society there to the rampant consumerism, such as that promoted on MTV. Such rampant consumerism is what kept the American economy afloat right after the turn of the century. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 1 Easy Learning Objective: 05-04 The importance of cultural differences in business ethics Topic: Business Ethics* |

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| 74. | In the context of business ethics, many people in sub-Saharan Africa view Western \_\_\_\_\_ as a kind of exploitation that prevents treatment of AIDS for millions.       |  |  | | --- | --- | | A. | missionaries and religious movements |  |  |  | | --- | --- | | B. | individualism |  |  |  | | --- | --- | | C. | R-rated American movies |  |  |  | | --- | --- | | **D.** | intellectual property laws |  |  |  | | --- | --- | | E. | currency speculators |   Many in sub-Saharan Africa view Western intellectual property laws as a kind of exploitation that prevents treatment of AIDS for millions. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 1 Easy Learning Objective: 05-04 The importance of cultural differences in business ethics Topic: Business Ethics* |

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| 75. | Which organization conducts an international survey of businesspeople, political analysts, and the general public on corruption and compiles the Corruption Perception Index (CPI)?      |  |  | | --- | --- | | A. | Organization of American States (OAS). |  |  |  | | --- | --- | | B. | United Nations Convention against Corruption (UNCAC). |  |  |  | | --- | --- | | C. | Organization for Economic Cooperation and Development (OECD). |  |  |  | | --- | --- | | **D.** | Transparency International (TI). |  |  |  | | --- | --- | | E. | World Trade Organization (WTO). |   Among its various activities, TI conducts an international survey of businesspeople, political analysts, and the general public to determine their perceptions of corruption in 182 countries in the Corruption Perception Index (CPI). |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 05-04 The importance of cultural differences in business ethics Topic: Business Ethics* |

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| 76. | Which of the following is true of the findings of Transparency International’s Corruption Perception Index?       |  |  | | --- | --- | | A. | Lower levels of bribery have been found in nations with a communist past. |  |  |  | | --- | --- | | B. | Higher levels of bribery have been found in low-power distance nations. |  |  |  | | --- | --- | | **C.** | Higher levels of bribery have been found in low-income nations. |  |  |  | | --- | --- | | D. | Lower levels of bribery have been found in collectivistic cultures. |  |  |  | | --- | --- | | E. | Lower levels of bribery have been found in low-income nations. |   Transparency International’s CPI is also proving useful in academic studies of the causes and consequences of bribery. Higher levels of bribery have been found in low-income nations and nations with a communist past, both aspects of the political economy. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 05-04 The importance of cultural differences in business ethics Topic: Business Ethics* |

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| 77. | Which of the following is true of the business community’s view about payoffs?       |  |  | | --- | --- | | A. | The decision to pay a bribe is ethical in the business world. |  |  |  | | --- | --- | | B. | During the 1970s, the United States had strict laws against paying bribes in foreign countries. |  |  |  | | --- | --- | | C. | The Securities and Exchange Commissions requires all types of corporations to report their expenditures. |  |  |  | | --- | --- | | D. | Payoffs are restricted to the multinational companies headquartered in the United States. |  |  |  | | --- | --- | | **E.** | Many global competitors perceive payoffs as a necessary means to accomplish business goals. |   The decision to pay a bribe creates a major conflict between what is ethical and proper and what appears to be profitable and sometimes necessary for business. Many global competitors perceive payoffs as a necessary means to accomplish business goals. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 05-04 The importance of cultural differences in business ethics Topic: Business Ethics* |

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| 78. | Academic studies of the causes and consequences of bribery, conducted by Transparency International (TI), indicate corruption is greater in:       |  |  | | --- | --- | | A. | high income nations. |  |  |  | | --- | --- | | B. | democratic rather than communist countries. |  |  |  | | --- | --- | | C. | countries with high individualism. |  |  |  | | --- | --- | | D. | countries with low Power Distance Index. |  |  |  | | --- | --- | | **E.** | collectivistic nations. |   According to studies conducted by Transparency International, higher levels of bribery have been found in low-income nations and nations with a communist past, both aspects of the political economy. Additionally, higher levels of bribery have been found in collectivistic (IDV) and high power distance (PDI) countries. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 1 Easy Learning Objective: 05-04 The importance of cultural differences in business ethics Topic: Business Ethics* |

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| 79. | Which aspect of Japanese culture, predicted by many to favor bribery, makes Japan's success in reducing corruption more remarkable?       |  |  | | --- | --- | | **A.** | Relationship-orientation |  |  |  | | --- | --- | | B. | Mechanistic inclination |  |  |  | | --- | --- | | C. | Patriarchal nature |  |  |  | | --- | --- | | D. | Ritualistic nature |  |  |  | | --- | --- | | E. | Consumerism |   Japan’s successes in reducing corruption in its business system are all the more remarkable because of its relationship-oriented culture, which would be predicted by many to favor bribery. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 1 Easy Learning Objective: 05-04 The importance of cultural differences in business ethics Topic: Business Ethics* |

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| 80. | Which of the following countries is more likely to exhibit higher levels of bribery?      |  |  | | --- | --- | | A. | Individualistic cultures. |  |  |  | | --- | --- | | B. | Countries with a strong dependence on international trade. |  |  |  | | --- | --- | | **C.** | Nations with a communist past. |  |  |  | | --- | --- | | D. | High-income nations. |  |  |  | | --- | --- | | E. | Countries with low-power distance. |   Higher levels of bribery have been found in low-income nations and nations with a communist past, both aspects of the political economy. Additionally, higher levels of bribery have been found in collectivistic (IDV) and high power distance (PDI) countries. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 1 Easy Learning Objective: 05-04 The importance of cultural differences in business ethics Topic: Business Ethics* |

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| 81. | \_\_\_\_\_ occurs when payments are extracted under duress by someone in authority from a person seeking only what he or she is lawfully entitled to.       |  |  | | --- | --- | | **A.** | Extortion |  |  |  | | --- | --- | | B. | Subornation |  |  |  | | --- | --- | | C. | Lubrication |  |  |  | | --- | --- | | D. | Larceny |  |  |  | | --- | --- | | E. | Bribery |   Extortion occurs when payments are extracted under duress by someone in authority from a person seeking only what he or she is lawfully entitled to. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 1 Easy Learning Objective: 05-04 The importance of cultural differences in business ethics Topic: Business Ethics* |

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| 82. | \_\_\_\_\_ involves a relatively small sum of cash, a gift, or a service that is intended to facilitate or expedite the normal, lawful performance of a duty by an official.       |  |  | | --- | --- | | A. | Extortion |  |  |  | | --- | --- | | B. | Subornation |  |  |  | | --- | --- | | **C.** | Lubrication |  |  |  | | --- | --- | | D. | Malfeasance |  |  |  | | --- | --- | | E. | Exaction |   Lubrication involves a relatively small sum of cash, a gift, or a service given to a low-ranking official in a country where such offerings are not prohibited by law. The purpose of such a gift is to facilitate or expedite the normal, lawful performance of a duty by that official. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 1 Easy Learning Objective: 05-04 The importance of cultural differences in business ethics Topic: Business Ethics* |

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| 83. | The finance minister of a developing country demands a heavy payment for approval of a multi-million dollar contract with a foreign company. This practice would be called \_\_\_\_\_.      |  |  | | --- | --- | | **A.** | extortion |  |  |  | | --- | --- | | B. | subornation |  |  |  | | --- | --- | | C. | lubrication |  |  |  | | --- | --- | | D. | larceny |  |  |  | | --- | --- | | E. | malfeasance |   The distinction between bribery and extortion depends on whether the activity resulted from an offer or from a demand for payment. It is extortion if payments are extracted under duress by someone in authority from a person seeking only what he or she is lawfully entitled to. |

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| *AACSB: Analytic Blooms: Apply Difficulty Level: 1 Easy Learning Objective: 05-04 The importance of cultural differences in business ethics Topic: Business Ethics* |

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| 84. | \_\_\_\_\_ generally involves giving large sums of money—frequently not properly accounted for—designed to entice an official to commit an illegal act on behalf of the one offering the bribe.       |  |  | | --- | --- | | A. | Agent charges |  |  |  | | --- | --- | | B. | Lubrication |  |  |  | | --- | --- | | C. | Extortion |  |  |  | | --- | --- | | **D.** | Subornation |  |  |  | | --- | --- | | E. | Ransom |   Subornation generally involves giving large sums of money—frequently not properly accounted for—designed to entice an official to commit an illegal act on behalf of the one offering the bribe. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 05-04 The importance of cultural differences in business ethics Topic: Business Ethics* |

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| 85. | A manager hires an agent to obtain a license to build a warehouse in an industrial district. The agent was caught offering a bribe to a government official for issue of the license. Which of the following describes the manager’s liabilities?       |  |  | | --- | --- | | A. | The manager is not liable since the use of an agent absolves him of any responsibility. |  |  |  | | --- | --- | | B. | The manager is liable since the agent used part of his fees for bribery, although the manager was unaware of the agent’s intentions. |  |  |  | | --- | --- | | C. | The manager is not liable if the agent can prove that extortion, rather than bribery, took place. |  |  |  | | --- | --- | | **D.** | The manager is liable if he was aware of the fact that part of the agent’s fee would be used as a bribe. |  |  |  | | --- | --- | | E. | The manager is liable only if the act of building the warehouse at the given location is illegal. |   The Foreign Corrupt Practices Act (FCPA) prohibits U.S. businesses from paying bribes openly or using intermediaries as conduits for a bribe when the U.S. manager knows that part of the intermediary’s payment will be used as a bribe. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 05-04 The importance of cultural differences in business ethics Topic: Business Ethics* |

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| 86. | Which of the following ethical principles tries to optimize the “common good” or benefits of all constituencies?       |  |  | | --- | --- | | A. | Secularism and philanthropy |  |  |  | | --- | --- | | B. | Rights of the parties |  |  |  | | --- | --- | | C. | Justice or fairness |  |  |  | | --- | --- | | **D.** | Utilitarian ethics |  |  |  | | --- | --- | | E. | Self-reference frame |   Three ethical principles provide a framework to help the marketer distinguish between right and wrong, determine what ought to be done, and properly justify his or her actions. Simply stated, they are as follows: • Utilitarian ethics: Does the action optimize the “common good” or benefits of all constituencies? And who are the pertinent constituencies? • Rights of the parties: Does the action respect the rights of the individuals involved? • Justice or fairness: Does the action respect the canons of justice or fairness to all parties involved? |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 05-04 The importance of cultural differences in business ethics Topic: Business Ethics* |

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| 87. | According to Lester Thurow, a(n) \_\_\_\_\_ form of capitalism is practiced in Japan and Germany typified by cooperation among government, management, and labor.      |  |  | | --- | --- | | A. | agonistic |  |  |  | | --- | --- | | B. | individualistic |  |  |  | | --- | --- | | **C.** | communitarian |  |  |  | | --- | --- | | D. | protectionist |  |  |  | | --- | --- | | E. | adversarial |   Thurow distinguished between the British–American “individualistic” kind of capitalism and the “communitarian” form of capitalism in Japan and Germany. The business systems in the latter two countries are typified by cooperation among government, management, and labor, particularly in Japan. Contrarily, adversarial relationships among labor, management, and government are more the norm in the United Kingdom, and particularly in the United States. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 1 Easy Learning Objective: 05-04 The importance of cultural differences in business ethics Topic: Business Ethics* |

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| 88. | According to Lester Thurow, in the British–American “individualistic” kind of capitalism relationships among government, management, and labor in business systems are \_\_\_\_\_.       |  |  | | --- | --- | | A. | cooperative |  |  |  | | --- | --- | | B. | commensalistic |  |  |  | | --- | --- | | C. | synergistic |  |  |  | | --- | --- | | **D.** | adversarial |  |  |  | | --- | --- | | E. | conciliatory |   Thurow distinguished between the British–American “individualistic” kind of capitalism and the “communitarian” form of capitalism in Japan and Germany. The business systems in the latter two countries are typified by cooperation among government, management, and labor, particularly in Japan. Contrarily, adversarial relationships among labor, management, and government are more the norm in the United Kingdom, and particularly in the United States. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 1 Easy Learning Objective: 05-04 The importance of cultural differences in business ethics Topic: Business Ethics* |

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| 89. | A culture that is low context, individualistic, low power distance, and uses monochromic time is \_\_\_\_\_.       |  |  | | --- | --- | | **A.** | information-oriented |  |  |  | | --- | --- | | B. | relationship-oriented |  |  |  | | --- | --- | | C. | hierarchy-oriented |  |  |  | | --- | --- | | D. | labor-oriented |  |  |  | | --- | --- | | E. | task-oriented |   American culture is low context, individualistic (IDV), low power distance (PDI), obviously close to English, monochronic time–oriented, linguistically direct, and foreground focused, and it achieves efficiency through competition; therefore, it is categorized as an information-oriented culture. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 1 Easy Learning Objective: 05-05 The differences between relationship-oriented and information-oriented cultures Topic: Synthesis: Relationship-Oriented versus Information-Oriented Cultures* |

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| 90. | A culture that is high context, has collectivism, high power distance, and uses polychronic time is \_\_\_\_\_.       |  |  | | --- | --- | | A. | information-oriented |  |  |  | | --- | --- | | **B.** | relationship-oriented |  |  |  | | --- | --- | | C. | hierarchy-oriented |  |  |  | | --- | --- | | D. | power-oriented |  |  |  | | --- | --- | | E. | task-oriented |   Japanese culture is high context, collectivistic, high power distance, far from English, polychronic (in part), linguistically indirect, and background focused, and it achieves efficiency through reduction of transaction costs; therefore, it is properly categorized as a relationship-oriented culture. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 1 Easy Learning Objective: 05-05 The differences between relationship-oriented and information-oriented cultures Topic: Synthesis: Relationship-Oriented versus Information-Oriented Cultures* |

**Essay Questions**

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| 91. | How important is adaptation in international marketing? What are the basic criteria to deal with foreign firms?     Adaptation is a key concept in international marketing, and willingness to adapt is a crucial attitude. Adaptation, or at least accommodation, is required on small matters as well as large ones. In fact, small, seemingly insignificant situations are often the most crucial. More than tolerance of an alien culture is required. Affirmative acceptance, that is, open tolerance may be needed as well. Through such affirmative acceptance, adaptation becomes easier because empathy for another’s point of view naturally leads to ideas for meeting cultural differences. As a guide to adaptation, all who wish to deal with individuals, firms, or authorities in foreign countries should be able to meet ten basic criteria:  • open tolerance,  • flexibility,  • humility,  • justice/fairness,  • ability to adjust to varying tempos,  • curiosity/interest,  • knowledge of the country,  • liking for others,  • ability to command respect, and  • ability to integrate oneself into the environment. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 05-01 The necessity for adapting to cultural differences Topic: Required Adaptation* |

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| 92. | Briefly describe the different types of business customs.     Business customs can be grouped into cultural imperatives, cultural electives, and cultural exclusives.  • Cultural imperatives are the business customs and expectations that must be met and conformed to or avoided if relationships are to be successful. A complicating factor in cultural awareness is that what may be an imperative to avoid in one culture is an imperative to do in another.  • Cultural electives relate to areas of behavior or to customs that cultural aliens may wish to conform to or participate in but that are not required. In other words, following the custom in question is not particularly important but is permissible. The majority of customs fit into this category. A cultural elective in one county may be an imperative in another. Cultural electives are the most visibly different customs and thus more obvious. Often, it is compliance with the less obvious imperatives and exclusives that is more critical.  • Cultural exclusives are those customs or behavior patterns reserved exclusively for the locals and from which the foreigner is barred. Foreign managers need to be perceptive enough to know when they are dealing with an imperative, an elective, or an exclusive and have the adaptability to respond to each. There are not many imperatives or exclusives, but most offensive behaviors result from not recognizing them. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 05-01 The necessity for adapting to cultural differences Topic: Required Adaptation* |

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| 93. | Discuss the American manager’s attitude toward objectivity in decision making.     The very strong belief in the United States that business decisions are based on objective analysis and that managers strive to be scientific has a profound effect on the U.S. manager's attitudes toward objectivity in decision making and accuracy of data. Although judgment and intuition are important tools for making decisions, most U.S. managers believe decisions must be supported and based on accurate and relevant information. Thus, in U.S. business, great emphasis is placed on the collection and free flow of information to all levels within the organization and on frankness of expression in the evaluation of business opinions or decisions. In other cultures, such factual and rational support for decisions is not as important; the accuracy of data and even the proper reporting of data are not prime prerequisites. Furthermore, existing data frequently are for the eyes of a select few. The frankness of expression and openness in dealing with data, characteristic of U.S. businesses, do not fit easily into some cultures. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 2 Medium Learning Objective: 05-01 The necessity for adapting to cultural differences Topic: The Impact of American Culture on Management Style* |

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| 94. | What is the fundamental notion of Western management practices? Is it universally acceptable?     Perhaps most fundamental to Western management practices is the notion that competition is crucial for efficiency, improvement, and regeneration. The notion of the “invisible hand,” propounded by Adam Smith, justifies competitive behavior because it improves society and its organizations. Competition among salespeople is a good thing because it promotes better individual performance and, consequently, better corporate performance. However, managers and policymakers in other cultures often do not share this “greed is good” view. Cooperation is more salient, and efficiencies are attained through reduced transaction costs. These latter views are more prevalent in collectivistic cultures such as China and Japan. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 2 Medium Learning Objective: 05-01 The necessity for adapting to cultural differences Topic: The Impact of American Culture on Management Style* |

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| 95. | In the context of authority and decision making, briefly describe the shift from centralized to decentralized decision making.     The international businessperson is confronted with three typical patterns of decision making: top-level management decisions, decentralized decisions, and committee or group decisions. Top-level management decision making is generally found in situations in which family or close ownership gives absolute control to owners and businesses are small enough to allow such centralized decision making. As businesses grow and professional management develops, there is a shift toward decentralized management decision making. Decentralized decision making allows executives at different levels of management to exercise authority over their own functions. This approach is typical of large-scale businesses with highly developed management systems, such as those found in the United States. A trader in the United States is likely to be dealing with middle management, and title or position generally takes precedence over the individual holding the job. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 2 Medium Learning Objective: 05-02 How and why management styles vary around the world Topic: Management Styles around the World* |

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| 96. | Distinguish between the two time systems in the world, as defined by Edward T. Hall.     Edward Hall defines two time systems in the world: monochronic and polychronic time. M-time, or monochronic time, typifies most North Americans, Swiss, Germans, and Scandinavians. These Western cultures tend to concentrate on one thing at a time. They divide time into small units and are concerned with promptness. M-time is used in a linear way, and it is experienced as almost tangible, in that one saves time, wastes time, bides time, spends time, and loses time. Most low-context cultures operate on M-time. P-time, or polychronic time, is more dominant in high-context cultures, where the completion of a human transaction is emphasized more than holding to schedules. P-time is characterized by the simultaneous occurrence of many things and by “a great involvement with people.” P-time allows for relationships to build and context to be absorbed as parts of high-context cultures. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 05-02 How and why management styles vary around the world Topic: Management Styles around the World* |

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| 97. | Describe the popularity of a marketing orientation as compared to a product orientation.     The extent of a company's marketing orientation has been shown to relate positively to profits. Although American companies are increasingly embracing this notion (and marketing in general), firms in other countries have not been so fast to change from the more traditional production (consumers prefer products that are widely available), product (consumers favor products that offer the best quality, performance, or innovative features), and selling (consumers and businesses alike will not buy enough without prodding) orientations. Recently researchers have empirically verified that for various complex reasons, including cultural explanations, a marketing orientation is less prevalent in a number of other countries; and it can be difficult to encourage such an orientation across diverse business units in global companies. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 1 Easy Learning Objective: 05-02 How and why management styles vary around the world Topic: Management Styles around the World* |

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| 98. *(p. 142)* | Why do U.S. multinational companies hesitate to offer women international assignments? Is this prejudice justified?     The gender bias against female managers that exists in some countries, coupled with myths harbored by male managers, creates hesitancy among U.S. multinational companies to offer women international assignments. Despite the substantial prejudices toward women in foreign countries, evidence suggests that prejudice toward foreign women executives may be exaggerated and that the treatment local women receive in their own cultures is not necessarily an indicator of how a foreign businesswoman is treated. A key to success for both men and women in international business often hinges on the strength of a firm’s backing. When a female manager receives training and the strong backing of her firm, she usually receives the respect commensurate with the position she holds and the firm she represents. For success, a woman needs a title that gives immediate credibility in the culture in which she is working and a support structure and reporting relationship that will help her get the job done. In short, with the power of the corporate organization behind her, resistance to her as a woman either does not materialize or is less troublesome than anticipated. Once business negotiations begin, the willingness of a business host to engage in business transactions and the respect shown to a foreign businessperson grow or diminish depending on the business skills he or she demonstrates, regardless of gender. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 2 Medium Learning Objective: 05-03 The extent and implications of gender bias in other countries Topic: Gender Bias in International Business* |

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| 99. | In the context of business ethics, distinguish between bribery and extortion with examples.     The distinction between bribery and extortion depends on whether the activity resulted from an offer or from a demand for payment. Voluntarily offered payment by someone seeking unlawful advantage is bribery. For example, it is bribery if an executive of a company offers a government official payment in exchange for the official incorrectly classifying imported goods so the shipment will be taxed at a lower rate than the correct classification would require. However, it is extortion if payments are extracted under duress by someone in authority from a person seeking only what he or she is lawfully entitled to. An example of extortion would be a finance minister of a country demanding heavy payments under the threat that a contract for millions of dollars would be voided. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 2 Medium Learning Objective: 05-04 The importance of cultural differences in business ethics Topic: Business Ethics* |

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| 100. | Compare an information-oriented culture like America with a relationship-oriented culture like Japan.     American culture is low context, individualistic (IDV), low power distance (PDI), obviously close to English, monochronic time–oriented, linguistically direct, and foreground focused, and it achieves efficiency through competition; therefore, it is categorized as an information-oriented culture. Alternatively, Japanese culture is high context, collectivistic, high power distance, far from English, polychronic (in part), linguistically indirect, and background focused, and it achieves efficiency through reduction of transaction costs; therefore, it is properly categorized as a relationship-oriented culture. All these traits are so even though both the United States and Japan are high-income democracies. Both cultures do achieve efficiency but through different emphases. The American business system uses competition, whereas the Japanese depend more on reducing transaction costs. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 2 Medium Learning Objective: 05-05 The differences between relationship-oriented and information-oriented cultures Topic: Synthesis: Relationship-Oriented versus Information-Oriented Cultures* |