

# Chapter 4

Student: \_\_\_\_\_

1. Many international business ethical issues arise as a result of all BUT which one of the following?
  - A. Differences in economic development
  - B. Differences in legal systems
  - C. Differences in monetary exchange rates
  - D. Differences in cultures
  - E. Differences in politics
2. \_\_\_\_\_ is/are a course of action, which international businesses take that does not violate a company's accepted principles.
  - A. Ethical strategy
  - B. Business ethics
  - C. Ethical dilemmas
  - D. Ethical issues
  - E. Ethical relativism
3. Many of the ethical issues and dilemmas in international business are rooted in the fact of differences in all BUT which one of the following?
  - A. Political systems
  - B. Culture
  - C. Monetary values
  - D. Economic development
  - E. Law
4. In the international business setting, the most common ethical issues involve all but which one of the following?
  - A. Employment practices
  - B. Human rights
  - C. Corruption
  - D. Border control
  - E. Environmental protection
5. The way working conditions are maintained by a business refers to the \_\_\_\_\_ of that business.
  - A. culture
  - B. human rights
  - C. human code of behaviours
  - D. employment practices
  - E. corporate culture
6. Which one of the following is NOT considered to be a valued human right?
  - A. Freedom of speech
  - B. Freedom condoning political oppression
  - C. Freedom of assembly
  - D. Freedom of movement
  - E. Freedom of religion
7. Which country is given as an example of so repressive a regime that investment cannot be justified on any grounds?
  - A. North Korea
  - B. Zimbabwe
  - C. Kazakhstan
  - D. China
  - E. Myanmar

8. What was the multinational organization that adopted the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions in 1997?
- A. WTO
  - B. GATT
  - C. World Bank
  - D. United Nations
  - E. OECD
9. The atmosphere and the oceans can be viewed as a \_\_\_\_\_.
- A. tragedy of the commons
  - B. global commons
  - C. vulnerable biota
  - D. pollution free
  - E. Different biospheres
10. When a resource that is held in common but owned by no one is overused by individuals, it is known as \_\_\_\_\_.
- A. the Sullivan principles
  - B. the tragedy of the commons
  - C. cultural relativism
  - D. just distribution
  - E. noblesse oblige
11. Acres International actions in Lesotho would have violated which provision of the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions?
- A. Foreign Corrupt Practices
  - B. Speed Money
  - C. OECD ethical code
  - D. The Friedman Doctrine
  - E. Facilitation payments
12. According to your text, which Canadian province has become a lightning rod of criticism regarding corruption?
- A. Ontario
  - B. Quebec
  - C. Alberta
  - D. Saskatchewan
  - E. British Columbia
13. In \_\_\_\_\_, member states of the OECD adopted the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.
- A. 1863
  - B. 1993
  - C. 1997
  - D. 2001
  - E. 1999
14. The \_\_\_\_\_ oblige(s) member states to make the bribery of foreign public officials a criminal offence.
- A. Foreign Corrupt Practices Act
  - B. Sullivan Principles
  - C. Universal Declaration of Human Rights
  - D. United Nations Convention on Fair Labour Practices
  - E. Convention on Combating Bribery of Foreign Public Officials in International Business Transactions

15. \_\_\_\_\_ is/are excluded from both the Foreign Corrupt Practices Act and the OECD convention on bribery.
- A. Ethics
  - B. Human Rights
  - C. Pollution
  - D. Facilitating payments
  - E. Employment Practices
16. The fortunes of what Canadian company were affected by which scandal in 2004?
- A. Acres International Ltd
  - B. Asarco
  - C. Ivanhoe Mining Ltd
  - D. Enron
  - E. Sponsorship
17. Some economists have argued that \_\_\_\_\_ reduces the returns on business investment and leads to low economic growth.
- A. human rights
  - B. corruption
  - C. ethical behaviour
  - D. the social structure of culture
  - E. environmental pollution
18. The concept of \_\_\_\_\_ refers to the idea that businesspeople should consider the social consequences of economic actions when making business decisions.
- A. corruption
  - B. human rights
  - C. just distribution
  - D. social responsibility
  - E. environmental responsibility
19. All of the following except \_\_\_\_\_ are truths about power.
- A. it is morally neutral
  - B. it always decreases social welfare
  - C. it is how it is used that matters
  - D. it can be used in positive ways
  - E. all of these answers are correct
20. Multinational organizations have ethical obligations toward all but which one of the following?
- A. Human rights
  - B. Use of power
  - C. Cultural relativism
  - D. Environmental pollution
  - E. Stakeholders
21. Many developed countries have substantial environmental pollution regulations governing all but which of the following?
- A. Use of toxic materials in the workplace
  - B. Emissions of pollutants
  - C. Dumping of toxic chemicals
  - D. Recycling of materials
  - E. Disposal of non-hazardous wastes

22. Gift-giving between parties to a business negotiation is considered right and proper in many \_\_\_\_\_ cultures.
- A. Latin.
  - B. Western.
  - C. Asian
  - D. European
  - E. Turkic
23. Expatriate managers may experience more than the usual degree of pressure to violate their \_\_\_\_\_?
- A. Ethical imperialism
  - B. Cultural ethics
  - C. Public ethics
  - D. Personal ethics
  - E. Cultural imperialism
24. \_\_\_\_\_ are situations in which none of the available alternatives seem ethically acceptable.
- A. Ethical behaviours
  - B. Moral obligations
  - C. Social responsibilities
  - D. Ethical dilemma
  - E. Personal crises
25. Of the following, which one would not be considered a rationale for why managers may behave in a manner that is unethical?
- A. Business ethics are not divorced from an individual's personal ethics
  - B. Personal ethical codes exert profound influence on the way we behave as businesspeople
  - C. The company exerts pressure on individuals to achieve unrealistic goals
  - D. The personal ethical code of the individual staunchly recognizes the difference between right and wrong
  - E. That is the norm in the country the manager is operating in
26. Home-country managers working abroad in multinational organizations may experience \_\_\_\_\_ than the usual degree of pressure to violate their personal ethics.
- A. less
  - B. more
  - C. lower
  - D. fewer
  - E. a smaller amount
27. Which one of the statements below would be considered a reason why business people may not realize they are behaving in an unethical manner?
- A. They fail to question if the business decision is ethical
  - B. They acknowledge the need for human rights
  - C. They are aware of the cultural differences between countries
  - D. They are driven by the acquisition of profits
  - E. They have a personal code of ethics that they believe does not apply in the country
28. All of the following except \_\_\_\_\_ are reasons why expatriate managers may experience increased pressure to violate their personal ethical standards.
- A. they are away from their ordinary social context
  - B. they place a high value on adherence to human rights
  - C. they are geographically away from the parent company
  - D. they are challenged by exorbitant goals set by the company
  - E. they recognize that there is an accepted code of behaviour in the country that is different from their own

29. The first step to establishing a strong sense of business ethics is for a company to emphasize \_\_\_\_\_.
- A. strong personal ethics
  - B. advantages of deriving profit maximization
  - C. immorality
  - D. amoral conduct
  - E. religious faith
30. An individual with a strong sense of personal ethics is \_\_\_\_\_ to behave in an unethical manner in a business setting.
- A. less probable
  - B. less likely
  - C. more likely
  - D. more unlikely
  - E. likely
31. Which one of the following could be considered a reason why organizations may make decisions that ultimately lead to unethical business actions being undertaken?
- A. They have based the decision on economic logic only
  - B. They are appreciative of human rights concerns
  - C. They address environmental concerns and issues
  - D. They do not solely base decisions on business variables such as cost and product quality
  - E. They have strong leadership that supports personal ethics
32. \_\_\_\_\_ refers to the values and norms that are shared among employees of an organization.
- A. Organization culture
  - B. Social responsibility
  - C. Cultural relativism
  - D. Just distribution
  - E. Personal Ethics
33. \_\_\_\_\_ and \_\_\_\_\_ shape the culture of a business organization.
- A. Norms; greed
  - B. Values; norms
  - C. Greed; values
  - D. Values; profits
  - E. Shareholders; management
34. What is considered by some to be the fifth root cause contributing to the demise of the organization known as Enron?
- A. Concern for workers
  - B. Open communication
  - C. Control
  - D. Leadership
  - E. Culture
35. The Enron and Conrad Black examples show that it is not just what leaders say that matters but \_\_\_\_\_.
- A. How they say it
  - B. The ethical dynamism attached to it
  - C. What they do
  - D. Where the host country is located
  - E. Where the home country is located

36. \_\_\_\_\_ approaches to business ethics are raised by business ethics scholars primarily to demonstrate that they offer inappropriate guidelines for ethical decision-making in a multinational enterprise.
- A. Straw men
  - B. The Enron principles
  - C. Just distribution
  - D. Rights theories
  - E. Cultural relativism
37. Of the following, whose basic position is that the only social responsibility of business is to increase profits so long as the company stays within the rules of law?
- A. Milton Friedman
  - B. Leon Sullivan
  - C. Paul Martin
  - D. Stephen Harper
  - E. Gilles Duceppe
38. \_\_\_\_\_ is the belief that ethics are nothing more than the reflection of a culture and are culturally determined.
- A. A rights theory
  - B. Just distribution
  - C. Cultural relativism
  - D. The Friedman Doctrine
  - E. Moral expediency
39. Who is noted for making the following statement, "There is one and only one social responsibility of business-to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say that it engages in open and free competition without deception or fraud."?
- A. Leon Sullivan
  - B. Milton Friedman
  - C. David Hume
  - D. Jon Stuart Mill
  - E. Immanuel Kant
40. A \_\_\_\_\_ claims that a multinational's home-country standards of ethics are the appropriate ones for companies to follow in foreign countries.
- A. righteous moralist
  - B. righteous immoralist
  - C. naïve immoralist
  - D. utilitarian approach
  - E. cultural relativist
41. In its extreme viewpoint, \_\_\_\_\_ suggests that if a culture supports slavery, it is all right to use the slave labour in the country.
- A. the righteous moralist
  - B. cultural relativism
  - C. the naïve immoralist
  - D. utilitarian approach
  - E. Rights approach
42. Which ethics approach is typically associated with managers from developed countries?
- A. The Martin principles
  - B. The Friedman doctrine
  - C. The naïve immoralist
  - D. The righteous moralist
  - E. The Harper principles

43. The classic example of which one of the following approaches is the drug lord problem?
- A. The Friedman doctrine
  - B. The righteous moralist
  - C. The naïve immoralist
  - D. The rights approach
  - E. The cultural relativist
44. \_\_\_\_\_ asserts that if a manager of a multinational sees that firms from other nations are not following ethical norms in a host nation, that manager should not either.
- A. The Kantian ethicist
  - B. The righteous moralist
  - C. The naïve moralist
  - D. The righteous immoralist
  - E. The naïve immoralist
45. The best decisions, from a utilitarian philosophy, are those that produce the \_\_\_\_\_ good for the \_\_\_\_\_ number of people.
- A. greatest; greatest
  - B. better; least majority
  - C. insufficient; greatest
  - D. least; least
  - E. most; determined
46. Specific tools such as cost benefit analysis and risk assessment are firmly rooted in \_\_\_\_\_.
- A. Kantian ethics
  - B. utilitarian approaches
  - C. the Sullivan principles
  - D. the Friedman doctrine
  - E. relativist approaches
47. The utilitarian approach to business ethics dates back to input from all of the following philosophers except \_\_\_\_\_.
- A. David Hume
  - B. Abraham Maslow
  - C. John Stuart Mill
  - D. Jeremy Bentham
  - E. None of these answers is correct
48. Utilitarian approaches to ethics hold that the moral worth of actions or practices is determined by their \_\_\_\_\_.
- A. initial start-up costs
  - B. consequences
  - C. cost-benefit analysis
  - D. risk assessment
  - E. profitability
49. One drawback as an approach to business ethics of the utilitarian philosophy involves the measuring of the benefits, costs, and risks of a course of action. What is a second problem?
- A. Admission of human rights
  - B. Acknowledgement of environmental concerns
  - C. Omission of the consideration of justice
  - D. Omission of slave labour
  - E. Omission of consideration of cultural differences

50. As depicted by the text, of the problems with the utilitarian approach, which one may result in the unjust treatment of a minority?
- A. Risk assessment
  - B. Omission of the Friedman principles
  - C. Omission of the consideration of justice
  - D. Measurement of costs and benefits
  - E. Majority interests
51. \_\_\_\_\_ ethics hold that people should be treated as ends and never purely as means to the ends of others.
- A. Kantian
  - B. Universal Declaration of Human Rights
  - C. Just distribution
  - D. Cultural relativism
  - E. Canadian Charter of Rights and Freedoms
52. In what years did Immanuel Kant live?
- A. 1886-1974
  - B. 1774-1854
  - C. 1624-1704
  - D. 1724-1804
  - E. 1824-1904
53. Some contemporary moral philosophers view Kant's ethical philosophy as incomplete because his system has no place for \_\_\_\_\_.
- A. human rights
  - B. immoral sentiments and emotions
  - C. moral emotions and sentiments
  - D. human emotions and dignity
  - E. individual freedoms
54. Article 23 of the Universal Declaration of Human Rights conveys all but which one of the following?
- A. Everyone has the right to work.
  - B. Everyone has the right to join trade unions.
  - C. Everyone has the right to expect remuneration.
  - D. Everyone has the right to work under unsafe working conditions.
  - E. Everyone has the right to equal pay
55. The Universal Declaration of Human Rights is a \_\_\_\_\_ document that lays down the basic principles of human rights that should be adhered to.
- A. United Nations
  - B. United States
  - C. Canadian
  - D. World Health Organization
  - E. International Labour Organization
56. Article 1 of the Universal Declaration of Human Rights is thought to echo \_\_\_\_\_ ethics.
- A. utilitarian
  - B. Friedman
  - C. Kantian
  - D. cultural relativism
  - E. social democratic



57. Developed in the 20<sup>th</sup> century, \_\_\_\_\_ recognize(s) that human beings have fundamental rights and privileges that transcend national boundaries and cultures.
- A. righteous morality
  - B. cultural relativism
  - C. just distribution
  - D. the Sullivan doctrine
  - E. rights theories
58. Moral theorists argue that fundamental human rights form the basis for the \_\_\_\_\_ that managers should use when making decisions that have an ethical component.
- A. immoral compass
  - B. moral compass
  - C. amoral compass
  - D. mortality compass
  - E. personal compass
59. What does Article 29 of the Universal Declaration of Human Rights convey?
- A. Everyone has the right to join a trade union.
  - B. Everyone has the right to work.
  - C. Everyone has the right to fair remuneration.
  - D. Everyone has duties to the community.
  - E. Everyone has a duty to the family
60. A(n) \_\_\_\_\_ is one that is considered fair and equitable.
- A. right theory
  - B. righteous moralist
  - C. cultural relativism
  - D. just distribution
  - E. indifference principle
61. \_\_\_\_\_ focus on the attainment of a just distribution of economic goods and services.
- A. Cultural relativisms
  - B. Justice theories
  - C. Distribution theories
  - D. Codes of ethics
  - E. Utilitarian theories
62. Philosopher \_\_\_\_\_ argued that all economic goods and services should be distributed equally except when an unequal distribution would work to everyone's advantage.
- A. John Rawls
  - B. Lou Rawls
  - C. Immanuel Kant
  - D. Jane Jacobs
  - E. John Jacobs
63. Which one is guaranteed by Rawl's conceptual device known as *the veil of ignorance*?
- A. Impartiality
  - B. Political liberty
  - C. Equity
  - D. Freedom of assembly
  - E. Justice
64. All of the following would be considered to be that which individuals are ignorant of under John Rawl's veil of ignorance except \_\_\_\_\_.
- A. nationality
  - B. race
  - C. special talents
  - D. political affiliation
  - E. gender

65. Rawls considers all but \_\_\_\_\_ to be political liberties.
- A. freedom of speech
  - B. right to bear arms.
  - C. right to hold personal property
  - D. freedom of thought
  - E. freedom of religion
66. Which business straw men approach to business ethics is best summarized by the maxim "When in Rome, do as the Romans do"?
- A. Cultural relativism
  - B. Righteous moralist
  - C. Naïve immoralist
  - D. Friedman doctrine
  - E. Managerial Imperative
67. In Rawls's philosophy, the \_\_\_\_\_ indicates that inequalities are justified if they benefit the position of the least-advantaged members of society.
- A. second principle
  - B. first principle
  - C. primary principle
  - D. Friedman principle
  - E. difference principle
68. Which of the following is not one of the five things an international business and its managers can do to make sure ethical issues are considered in business decisions?
- A. Favour hiring and promoting people with a well-grounded sense of personal ethics.
  - B. Develop moral courage.
  - C. Build an organizational culture that has a high value on ethical behaviour.
  - D. Promote individuals with a proven track record of unethical behaviours.
  - E. Make sure that leaders within the company not only speak about ethical behaviour, but also practice it.
69. A \_\_\_\_\_ is a formal statement of the ethical priorities a business adheres to.
- A. cultural relativism
  - B. declaration of code
  - C. Code of ethics
  - D. business policy
  - E. strategic plan
70. Businesses can make sure they are hiring individuals who match well with their established ethical guidelines if they undertake all but which one of the following?
- A. Administer psychological tests.
  - B. Check former employer and personal references.
  - C. Talk with former coworkers of the job candidate.
  - D. Hire only relatives of current organizational employees.
  - E. Hire employees with a strong sense of personal ethics
71. Building an organization culture that places a high value on ethical behaviour requires all but \_\_\_\_\_.
- A. establishing reward systems
  - B. sanctioning those who act in an ethical manner.
  - C. providing employee incentives
  - D. sanctioning those who act unethically
  - E. all of these answers are correct

72. Having articulated values in a code of ethics or some other document, leaders in the business must give life and meaning to those words by \_\_\_\_\_.  
A. terminating those who deviate from them  
B. repeatedly emphasizing their importance  
C. challenging those who present opposition  
D. holding annual seminars about ethics  
E. hiring people who promise to follow them
73. Of the following, which assist organizations to think through the ethical implications of decision in a systematic way?  
A. Kant's principles and Rawl's theory of justice.  
B. Rights theories and Hume's principles.  
C. Cultural relativism and Rawl's theory of justice.  
D. Rights theories and Rawl's theory of justice.  
E. Utilitarian moralists and Friedman's principles
74. A firm's \_\_\_\_\_ are individuals or groups that have an interest or claim in what the company does and in how well it performs:  
A. box holders  
B. stakeholders  
C. righteous moralists  
D. naturalists  
E. employees
75. People who work for or own the company such as employees, board of directors, and stockholders are better identified as \_\_\_\_\_.  
A. internal stakeholders  
B. venture capitalists  
C. external stakeholders  
D. external shareholders  
E. direct stakeholders
76. Stakeholder analysis involves a certain amount of what has been called \_\_\_\_\_.  
A. moral imagination  
B. immoral imagination  
C. moral magnetism  
D. amoral magnetism  
E. ethical morality
77. External stakeholder groups would most likely be comprised of all but which one of the following?  
A. Unions  
B. Suppliers  
C. Government  
D. Employees  
E. Local communities
78. Step 2 of a stakeholder analysis would not involve which one of the following?  
A. Judging the ethics of the proposed decision.  
B. Determine whether the proposed decision would violate fundamental rights.  
C. Providing information to workers about potentially hazardous working conditions.  
D. Establish moral intent.  
E. Determine the rights involved

79. At which step of a stakeholder analysis would an organization to audit its decisions to see if they were consistent with ethical principles?
- A. Step 4
  - B. Step 3
  - C. Step 5
  - D. Step 7
  - E. Step 6
80. \_\_\_\_\_ are responsible for making sure that all employees are trained to be ethically aware and that ethical considerations enter the business decision-making process.
- A. righteous moralists
  - B. Guidance counsellors
  - C. Ethics officers
  - D. Board of directors
  - E. Line Managers
81. When an employee says no to a supervisor because that what he or she was asked to do was unethical, it is \_\_\_\_\_ that provides the employee with the strength to say no.
- A. moral courage
  - B. righteous moralism
  - C. cultural relativism
  - D. moral intent
  - E. naive moralism
82. All of the following are examples of moral courage except \_\_\_\_\_.
- A. whistle blowing
  - B. saying no to supervisors who want an employee to act unethically
  - C. walking away from profit making deals
  - D. competing with your colleagues for promotions
  - E. all of these answers are correct
83. Many of the ethical issues that arise when companies do business in different nations manifest themselves because of differences, such as is found in the economic development, political systems and laws of those nations.  
True False
84. The course of action that a business opts to take and which does not violate accepted principles is known as an ethical strategy.  
True False
85. In our society as well as many others, ethical principles never factor into the making of formal laws.  
True False
86. There is insignificant variation found in the political systems, laws, and cultures of differing nations. Hence, ethical dilemmas are rare to appear in international business dealings.  
True False
87. In international business settings, one of the most common ethical problems encountered involves employment practices.  
True False
88. Basic human rights are still not respected in many other nations.  
True False
89. Expatriate managers must interpret a local cultural practice in the way such behaviour would be understood in their own home culture.  
True False
90. In 1977 white rule and apartheid were ended in South Africa.  
True False

91. Ivanhoe Mines Ltd was pressured by the Canadian government to limit any new investment in Myanmar.  
True False
92. Ethical issues arise when environmental regulations in host countries are inferior to those in the home nation.  
True False
93. The tragedy of commons occurs when a resource, owned by the host country and not the home country, is overused by all individuals.  
True False
94. The atmosphere and oceans are not viewed as global commons by industrialized nations of the world.  
True False
95. In the modern world global corporations can contribute to the tragedy of commons by moving manufacturing to jurisdictions that are more environmentally sensitive.  
True False
96. Corruption has been a problem in almost every society in history with the exception of Western nations.  
True False
97. The trade and finance ministers of the OECD followed the lead of the U.S. in 1997 and adopted a convention on bribery in international business.  
True False
98. Some economists have argued that corruption reduces the returns on business investment and leads to low economic growth.  
True False
99. In a country where corruption is common, businesses have a reduced incentive to invest.  
True False
100. The concept of social responsibility refers to the idea that businesspeople should consider the social consequences of economic actions when making business decisions.  
True False
101. Noblesse oblige is a Japanese term that refers to honourable and benevolent behaviour that is the responsibility of people of high or noble birth.  
True False
102. Power in and of itself is actually morally neutral.  
True False
103. Some multinational organizations have acknowledged a moral obligation to utilize their power to enhance social welfare in the communities where they do business.  
True False
104. The ethical obligations of a multinational corporation toward employment conditions, human rights, and corruption are not always clear-cut.  
True False
105. It is wise for managers of multinational organizations to avoid confronting real ethical dilemmas.  
True False
106. Situations in which none of the available alternatives seems ethically acceptable present an ethical dilemma.  
True False

107. Business ethics is not divorced from the personal ethics of the individuals conducting business.  
True False
108. Home country managers working abroad in multinational firms have less than the usual degree of pressure to violate their personal ethics.  
True False
109. The climate in some businesses does not encourage people to think through the ethical consequences of business decisions.  
True False
110. Organization culture refers to the values and norms that are shared among employees of an organization.  
True False
111. Cultural relativism is the belief that ethics are nothing more than the reflection of a culture.  
True False
112. The naïve immoralist approach to ethics holds that the moral worth of actions and practices is determined by their consequences.  
True False
113. Differentiate and describe business ethics and ethical business strategy. Discuss how the two interrelate. Describe what impact having an ethical organizational strategy can have on international business transactions.
114. Identify the most common ethical issues that may arise in the international business setting. Discuss the roots of these issues. Discuss how managers of international firms should address such issues.
115. Describe the nature of ethical dilemmas. Provide one example of an ethical dilemma that an international organization may face. Discuss how organizations and their managers can successfully address such dilemmas.

116. Identify the rationales for why managers of businesses may act or react in a manner that reflects unethical behaviour.
117. Discuss the philosophical approaches to ethics. Describe the approaches that are favoured by most moral philosophers and form the basis for current models of ethical behaviour in international business.
118. Which article of the Universal Declaration of Human Rights relates directly to employment? Identify the provisions found within this particular article.
119. Identify and discuss the ethics theory that is attributed to philosopher John Rawls. In which category is this theory placed when discussing ethical conduct? Discuss the two fundamental principles of this theory of justice.
120. Identify and discuss the five things that an international business and its managers can do to make sure ethical issues are considered in business decisions.

121. In the spring of 2006 Google was extensively criticized in the media for revealing the names of some of its Chinese users to the Government of China. Google claimed that they were simply obeying Chinese law and that if they did not they would be excluded from the Chinese market. What philosophical approach(es) to ethics did Google exhibit? Do you think their decision was justified?
122. In Chapter 3 we learned of the concept of "guanxi". In the Chinese business world, guanxi is understood as the network of relationships among various parties that cooperate together and support one another. In essence, this boils down to exchanging favours, which are expected to be done regularly and voluntarily. Which philosophical approach to ethics would this reflect?
123. In the early 1980s, Nestle a multinational based in Switzerland began a wide ranging campaign in Africa, to promote the use infant formula as a replacement for breast feeding. The campaign was successful, but health workers noticed an increase in malnourished babies and babies with a variety of infectious, water borne diseases. They discovered that mothers, who were using Nestle formula, were reducing the amount of powdered formula they mixed with water to save money. They also discovered that in some cases women were using contaminated water straight from a river, pond or stream. Finally they also learned that Nestle was emphasizing the progressive nature of using formula as opposed to outdated breast feeding. After a great deal of criticism, Nestle finally stopped the campaign. Unfortunately some babies died because of the campaign. Did Nestle act unethically? Explain.



## Chapter 4 Key

1. (p. 129) C
2. (p. 130) A
3. (p. 129) C
4. (p. 130, 131) D
5. (p. 131) D
6. (p. 132) B
7. (p. 133) E
8. (p. 135) E
9. (p. 135) B
10. (p. 135) B
11. (p. 135, 136) E
12. (p. 135-137) B
13. (p. 135) C
14. (p. 135) E
15. (p. 135) D
16. (p. 136) A
17. (p. 135) B
18. (p. 137) D
19. (p. 137, 138) B
20. (p. 137-139) C
21. (p. 134) E
22. (p. 138, 139) C
23. (p. 140) D
24. (p. 139) D
25. (p. 140-144) D
26. (p. 140) B
27. (p. 140) A
28. (p. 138, 139) B
29. (p. 140) A
30. (p. 140) B
31. (p. 140-144) A
32. (p. 142) A
33. (p. 142) B
34. (p. 144) D
35. (p. 142-144) C
36. (p. 144) A

- 37. (p. 144) A
- 38. (p. 145) C
- 39. (p. 145) B
- 40. (p. 146) A
- 41. (p. 145) B
- 42. (p. 146) D
- 43. (p. 146) C
- 44. (p. 146) E
- 45. (p. 147) A
- 46. (p. 147) B
- 47. (p. 147) B
- 48. (p. 147) B
- 49. (p. 147, 148) C
- 50. (p. 147, 148) C
- 51. (p. 148) A
- 52. (p. 148) D
- 53. (p. 148) C
- 54. (p. 148) D
- 55. (p. 148) A
- 56. (p. 148) C
- 57. (p. 148) E
- 58. (p. 148) B
- 59. (p. 149) D
- 60. (p. 149) D
- 61. (p. 149) B
- 62. (p. 149) A
- 63. (p. 149) A
- 64. (p. 149, 150) D
- 65. (p. 149, 150) B
- 66. (p. 145) A
- 67. (p. 150) E
- 68. (p. 151) D
- 69. (p. 151) C
- 70. (p. 151) D
- 71. (p. 151) B
- 72. (p. 152) B
- 73. (p. 152, 153) D
- 74. (p. 153) B

75. (p. 153) A
76. (p. 153) A
77. (p. 153) D
78. (p. 153, 154) D
79. (p. 154) C
80. (p. 154) C
81. (p. 155) A
82. (p. 155) D
83. (p. 130) TRUE
84. (p. 130) TRUE
85. (p. 130) FALSE
86. (p. 130) FALSE
87. (p. 131, 132) TRUE
88. (p. 132) TRUE
89. (p. 131, 132) FALSE
90. (p. 132) FALSE
91. (p. 133) TRUE
92. (p. 134) TRUE
93. (p. 135) FALSE
94. (p. 135) FALSE
95. (p. 135) FALSE
96. (p. 135, 136) FALSE
97. (p. 135) TRUE
98. (p. 135) TRUE
99. (p. 135) TRUE
100. (p. 137) TRUE
101. (p. 137) FALSE
102. (p. 138) TRUE
103. (p. 138) TRUE
104. (p. 138) TRUE
105. (p. 139) FALSE
106. (p. 139) TRUE
107. (p. 140) TRUE
108. (p. 140) FALSE
109. (p. 140, 142) TRUE
110. (p. 142) TRUE
111. (p. 145) TRUE
112. (p. 146) FALSE

113. (p. 130) Business ethics are the accepted principles of right and wrong governing the conduct of businesspeople. Ethical strategy is a strategy or course of action that does not violate these accepted principles. The interconnection between the two is the fact that one (ethics) establishes the principles while the other (strategy) is the course of action selected because of those principles. An organization possessing an ethical strategy may become known within the industry for acting with business behaviours that are fair, just, and equitable. Ethical strategies support a sound reputation for the business.

114. (p. 130-135) The most common ethical issues involve employment practices, human rights, environmental regulations, corruption, and the moral obligation of multinational corporations. Many of the ethical issues and dilemmas in international business are rooted in the fact that political systems, law, economic development, and culture vary significantly from nation to nation. Managers of international firms need to be particularly sensitive to these differences. This sensitivity affords managers the ability to choose the ethical action that is the most sound when facing issues and situations where variation across societies creates the potential for ethical problems.

115. (p. 138, 139) Ethical dilemmas are situations in which none of the available alternatives appear to be ethically acceptable. An example of an ethical dilemma may be the employment of child labour. It must be remembered that sometimes, this employment for a child means the difference between surviving or not. While some may perceive child labour as being wrong, which is worse-working or not surviving-for the child? All organizations need to establish a moral compass to help guide the organization through such a dilemma and toward the most acceptable solution.

116. (p. 139-144) There is no simple answer to this question because the causes of unethical behaviour are complex. However, a few generalizations can be made. These generalizations include the fact that business ethics are not divorced from personal ethics, more than the usual degree of pressure to violate personal ethics from the organization may occur, unrealistic organizational goals have been established, and the manager may be absent from the organization's supporting culture.

117. (p. 144-150) The first philosophical approaches can be termed "straw men". These approaches either deny the value of business ethics or apply the concept in a very unsatisfactory way. Straw men approaches include: The Friedman principle (which proposes that the only social responsibility of business is to increase profits so long as the company stays within the rules of the law), Cultural relativism (which is the belief that ethics are nothing more than the reflection of a culture), The righteous moralist (which claims that a multinational's home-country standards of ethics are the appropriate ones for companies to follow in foreign countries), and The naïve immoralist (which asserts that a manager of a multinational sees that firms from other nations are not following ethical norms in a host country, that manager should not either). In contrast to the straw men approaches are the approaches of utilitarian and Kantian ethics that most moral philosophers see value in and the rights theories and justice theories. Utilitarian approaches to ethics hold that the moral worth of actions or practices is best determined by their consequences. Kantian ethics are based on the philosophy of Immanuel Kant. These ethics hold that people should be treated as ends and never purely as means to an end. Rights theories recognize that human beings have fundamental rights and privileges that transcend national boundaries and cultures. Finally, justice theories focus on the attainment of a just distribution of economic goods and services.

118. (p. 148) Article 23 of the Universal Declaration of Human Rights relates directly to employment. This article states: everyone has the right to work, to free choice of employment, to just and favourable conditions of work, and to protection against unemployment; everyone has the right to equal pay for equal work, without any discrimination; everyone has the rights to just and favourable remuneration; and everyone has the right to form and to join trade unions for the protection of his interests.

119. (p. 149-150) John Rawls' theory of justice is both very influential and has important ethical implications. Rawls' theory argues that all economic goods and services should be distributed equally except when an unequal distribution would work to everyone's advantage. According to Rawls, valid principles of justice are those with which all persons would agree if they could freely and impartially consider the situation. His theory proposes two fundamental principles of justice. The first principle is that each person be permitted the maximum amount of basic liberty compatible with a similar liberty for others. The second principle indicates that once equal basic liberty is assured, inequality in basic social goods is to be allowed only if such inequalities benefit everyone.

120. (p. 151) The five things are: (1) favour hiring and promoting people with a well-grounded sense of personal ethics; (2) build an organizational culture that places a high value on ethical behaviour; (3) make sure that leaders within the business not only articulate the rhetoric of ethical behaviour, but also act in a manner that is consistent with that rhetoric; (4) put decision-making processes in place that require people to consider the ethical dimension of business decisions; and (5) develop moral courage.

121. (p. 145-147) The student could answer that Google is either displaying cultural relativism or they are naïve immoralists. Either answer is appropriate. The student may take one of two directions with the second part of the question. They may argue that if Google does not do this then they will be excluded from the Chinese market, which will mean tremendous damage to their future prospects as a business. The student may also argue that Google does not have any choice because it is the law and does not fit into the "drug lord problem" They may also point to the active Canadian government efforts to promote trade with China. The opposite argument would be using the example of Myanmar and South Africa, when regimes are so abusive that it is better to not do anything with them.

122. (p. 145-147) The student may answer that this is the normal course of doing business in China and could suggest that we should not be righteous moralists. If they are honest they would have to consider themselves either naïve immoralists or cultural relativists.

123. (p. 146) Nestle could be accused of ethnocentrism and of ignoring historical information that breast feeding is better for newborns. However students should also ask themselves the question as to whether managers actually believed that formula was better for babies. This illustrates a situation in which good intentions lead to horrific results. In effect this could be an extension of the righteous moralist approach to ethics.

## Chapter 4 Summary

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