

# ***Key to Exercises***

## **Unit 1**

### **Part A**

1)

(1) shift (2) financial crisis (3) supply chains (4) shrinking (5) emerging countries  
 (6) gap (7) trading pattern (8) the Federal Reserve (9) interest rates (10) resort.

2)

(1) F (2) T (3) F (4) F (5) T

### **Part B**

Globalization is a historical process.	It refers the increasing integration of economies around the world It also refers to the movement of people (labor) and knowledge (technology) across international borders. There are also broader cultural, political and environmental dimensions
People are worried because_____.	On the one hand global markets offer greater opportunity for people to tap into more and larger markets On the other hand the benefits of increased efficiency are shared by all countries.
Poor countries can not benefit from market opportunities because__.	Unparalleled economic growth was not steady. The progress was not evenly dispersed.
Poor countries have not fully benefited from globalization in four aspects.	1. Trade: Great variation exists among the major regions 2. Capital movement: The capital flow has been volatile and up to crisis. 3. Movement of people: The numbers involved are still quite small. 4. Spread of knowledge: For poorest economies in the world, due to infrastructure and policy constraints, they are lack of ability to attract any FDI. This makes them even more marginalized.
What can developing countries do?	Components of a package: 1. Macroeconomic stability to create the right conditions for investment and saving; 2. Outward oriented policies to promote efficiency through increased trade and investment;



continued

What can developing countries do?	3. Structural reform to encourage domestic competition; 4. Strong institutions and an effective government to foster good governance; 5. Education, training, and research and development to promote productivity; 6. External debt management to ensure adequate resources for sustainable development.
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1. What are the two opposing views with regard to globalization?

Some people view it as beneficial—a key to future economic development. Others regard it with hostility and even fear—bringing inequality, unemployment, and social disorder.

2. Why are people so worried about globalization?

Market promotes efficiency through competition and division of labor. Markets do not necessarily ensure that the benefits of increased efficiency are shared by all countries.

3. What are the per capita GDP increases for the whole world, for the richest quarter and for the poorest quarter respectively?

They are five-fold, six-fold, and three-fold respectively.

4. Of all the factors contributing to a country's catch-up in globalization, what matters most?

What matters most is the whole package of policies, financial and technical assistance, and debt relief if necessary.

### Part C

1)

- |                                |                            |
|--------------------------------|----------------------------|
| 1. International Monetary Fund | 2. “turning point”         |
| 3. hedge funds                 | 4. supervisory group       |
| 5. developing nations          | 6. China, India and Brazil |

2)

- (1) Finance ministers and central bankers formed the Group ten years ago in 1999 to give more attention to developing nations. Leaders met in November 2008 in Washington for the first time. They plan to meet again in September.
- (2) The International Monetary Fund created the Special Drawing Right, or S.D.R., forty years

ago. The value is based on several major currencies. Today the I.M.F. and some other international organizations mainly use it as an accounting tool.

- (3) Developing economies like China, India and Brazil want greater influence over international financial policy and groups like the I.M.F. The governor of the Chinese central bank Zhou Xiaochuan called for a new currency disconnected from individual nations—such as using what are called Special Drawing Rights. A United Nations group of experts also urged a new global reserve system—an expanded version of Special Drawing Rights.

## Unit 2

### Part A

1)

- (1) T                      (2) T                      (3) F                      (4) F                      (5) T

2)

- (1) \$161 billion, 5.6 million.  
 (2) \$6.7 billion  
 (3) \$5 billion, \$10 billion.  
 (4) Bilateral Investment Treaty (BIT).  
 (5) outbound  
 (6) Committee on Foreign Investment in the United States (CFIUS)  
 (7) \$4.7 billion.  
 (8) “not fair and transparent”.  
 (9) \$18.5 billion takeover bid  
 (10) \$23.8 billion

### Part B

1)

Between 1994 and 1997	Between 1994 and 1997, the exchange rate of the RMB against the US dollar appreciated steadily from 8.71, reflecting the feature of a managed float rate.
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continued

By the end of 1997	However, by the end of 1997, at the request of neighboring economies and international institutions, China substantially narrowed the floating band of the RMB exchange rate. This has helped reduce the shock of the Asian financial crisis and dispel the fear of RMB devaluation.
As a matter of fact	As a matter of fact, in the 1990s China used to record a low level of foreign reserves; so it was necessary to expand them to be compatible with the level of import and external debts.
The outbreak of the Asian financial crisis in 1997	It was the outbreak of the Asian financial crisis in 1997 that has led us to reconsider the appropriate level of foreign reserves among Asian countries and a higher level was thought to be desired.
By the end of 2001 and in 2002	By the end of 2001 when China was formally accepted as a member of WTO, we entailed a series of trade reforms to comply with the WTO rules. Naturally during this period unlike many other countries, China overhauled its trade policy. It turned out that while China's import in 2002 recorded a rapid expansion, export also surged, resulting in a trade surplus of 30.4 billion US dollars.
In the five years following the accession to WTO,	In the five years following the accession to WTO, China continued to cut tariff and relax quantitative import restrictions, further liberalize service trade, including financial and communication sector.
Since the beginning of world financial crisis	Since the beginning of world financial crisis, the growth of China's imports has accelerated. We sent several procurement delegates to Europe and USA. We continue to buy the Treasury bills—the US government bonds to help reduce the effect of this financial crisis.

2)

(1) What are the two hot issues related to China's international trade?

Two hot issues related to China's international trade are China's RMB exchange rate and China's high foreign reserves.

(2) Why did China substantially narrow the floating band of the RMB exchange rate and reconsider the appropriate level of foreign reserves after 1997?

It was the outbreak of the Asian financial crisis in 1997 that has led us to reconsider the appropriate level of foreign reserves. The other reason that accounts for the rapid increase of foreign exchange reserve is the preparation for the resumption of China's WTO status. It was predicted that an appropriate level of foreign reserves was necessary due to the need to fulfill WTO promise to reduce tariffs for imported goods and full-rounded opening of the Chinese market.

(3) What did Chinese government do in order to reduce the effect of world financial crisis?

We sent several procurement delegates to Europe and USA. We continue to buy the Treasury bills—the US government bonds to help reduce the effect of this financial crisis.

(4) Is it possible to address Sino-US trade imbalance by means of exchange rate?

No. Sino-US trade imbalances are caused by two countries' existing economic and trade structure. Even if China achieved an overall current account balance through changes in trade and currency policies, the US trade deficit may be attributable to structural imbalances and fiscal deficits in the United States rather than the RMB exchange rate.

### Part C

1)

1. *Free trade* is defined as:

- (1) The trade of goods without taxes (including tariffs) or other trade barriers (e.g., quotas on imports or subsidies for producers).
- (2) The absence of trade-distorting policies (such as taxes, subsidies, regulations or laws) that give some firms, households, or factors of production an advantage over others.
- (3) Free access to markets and market information.
- (4) Free movement of labor between and within countries and
- (5) free movement of capital between and within countries.

2. On the other hand, the definition of *Fair Trade* by the Fair Trade Federation (FTF) is:

- (1) Paying fair wages in local context
- (2) Supporting participatory work places
- (3) Ensuring environmental sustainability
- (4) Supplying financial and technical support
- (5) Respecting cultural identity
- (6) Offering public accountability
- (7) Educating consumers

2)

- (1) vision



- (2) dignity
- (3) raise
- (4) options
- (5) headed
- (6) popularity
- (7) realized
- (8) mainstream

### Unit 3

#### Part A

1)

- (1) d      (2) a      (3) e      (4) b      (5) c

2)

- (1) felt unable
- (2) be raised even higher
- (3) water down
- (4) 68, 67.76, 44
- (5) hit, retreated

#### Part B

1)

- (1) F      (2) T      (3) F      (4) T      (5) F      (6) F      (7) T

2)

- (1) The President wants to cut the federal deficit by half over the next four years and the ways to realize it.
- (2) President Obama is set to unveil his \$50-billion program targeting the housing crisis today.
- (3) US automakers are now asking for more federal bailout money.
- (4) Secretary of State Hillary Clinton is headed back home after wrapping up her first overseas trip as the top US diplomat.
- (5) California Lawmakers are still trying to figure out how to close this \$42-billion budget gap.

- (6) GM building in New York is up for sale.  
 (7) Sales at Starbucks are sliding due to economic crisis and consumers are tying up their purse.

### Part C

Greenspan thinks that the Fed should not try to burst a bubble by raising interest rate.	It's because that central bankers have difficulties in spotting the difference between an unsustainable surge in prices based on speculation and a sustainable one based on fundamentals.
	The market force should be allowed to play out.
	The Fed's job is to pursue policies aimed at low inflation and full employment, not to target asset prices.
Greenspan argues that there is no guarantee that raising interest rates would have allowed a more gradual deflation of the stock market bubble.	If the Fed had raised interest rates high enough, it would eventually have affected the stock market, but that might also have thrown the economy into recession.
	"It is far from obvious that bubbles, even if identified early, can be preempted at lower cost than a substantial economic contraction and possible financial destabilization—the very outcomes we are seeking to avoid."
Greenspan suggests that the Fed's success in securing low inflation and less volatile economic growth may itself lead to more speculation in asset markets.	The reason is that investors conclude that these good times are likely to continue.
	The example is a housing market that is showing signs of "froth" in a number of cities, amid buy-to-let speculation that has resulted in "speculative fervor" in some areas.
	The FMOC's conclusion is that the Fed should deal with the consequences in the event of a market disturbance.

- How does the speaker think of Alan Greenspan's famous comment "irrational exuberance"?  
The speaker thinks that there are times when the market is exuberant but rational.
- What's the so-called "mopping up" strategy?  
It is a strategy of the Fed, as a central bank, does not try to replace the market but if a market shift threatens the core mandate, its job is to deal with the consequences.
- When stock prices rose after the end of Fed tightening cycles in the late 1980s and early 1990s, what does it mean?  
It means that there is no guarantee that raising interest rates would have allowed a more gradual deflation of the stock market bubble.



4. How does Henry Kaufman think of the FMOM's conclusion?

He believes that the FOMC is too sanguine; that the housing market poses grave risks for the economy and that the Fed's assurances that it will raise rates at a "measured" pace have contributed to a household debt-financed consumption binge and to speculative activity by investors.

## Unit 4

### Part A

1)

- (1) \$5,000            (2) 10,000-year-old        (3) delicacies, sensitive digestion  
 (4) internet services, individual    (5) pet grooming    (6) breeds, human baby  
 (7) irresistible, manipulate

2)

- (1) F            (2) F            (3) T            (4) F            (5) T

### Part B

1)

(1) 2.8%	1. the percentage of exports drop
(2) 44%	2. sales rise of Mercedes cars in China
(3) 20 to 30 percent	3. the percentage of spending decrease
(4) 13%	4. China's growth rate in 2007
(5) 35%	5. sales drop of holiday items
(6) 4,500	6. customers surveyed
(7) 5 %	7. China's growth rate this year

2) Firms and families cut their travel budgets

Clothes and electronics shops

80% of the time

car dealing and property industry

phone and internet service providers

education



patients can haggle over medical bills.  
 consumers how to haggle.  
 It could prop up sales.

### Part C

1)

- (1) outgrowth    (2) 70 percent    (3) 25 percent    (4) 30,000    (5) 20 percent  
 (6) ingredients    (7) healthier foods    (8) liquid substitute    (9) more nutritious  
 (10) wholesome product

2)

- (1) How have the traditional food manufacturers reacted to the fitness trend?

They have begun *modifying their ingredients* to cater to the health-conscious consumers. To meet the demand for healthier foods, they *offer food with reduced fat, low sodium, low calories, no cholesterol, and no preservatives*. Even frozen foods have become more nutritious and junk food is trying to appear more healthful.

- (2) What are the changes taking place in what people drink?

Coffee consumption, distilled spirit and beer consumption have been declining. Consumption of nonalcoholic beer and bottled water has grown rapidly.

## Unit 5

### Part A

1)

- (1) decade    (2) five    (3) 100    (4) 28    (5)struggling    (6)Volkswagen    (7)11%

2)

- (1) F            (2) T            (3) F            (4) T            (5) F

### Part B

1)

- (1) 7.5%; optimism;  
 (2) luxury; renaissance; upmarket rivals

(3) embraced; arrogance; genetic code

(4) humble; contemporary

2)

(1) What are the two reasons for Wal-Mart's success?

There are two reasons for Wal-Mart's success: one economic, one strategic.

On the economic front, Wal-Mart is benefiting from the change in the fortunes of the US consumer. A recent survey from Bain & Company showed that US consumers are becoming more likely to trade down and Wal-Mart is enjoying a middle-class renaissance at the expense of its upmarket rivals.

On the strategic side, Wal-Mart has adopted a revitalization plan which renders its cash registers at Wal-Mart beeping with such fury.

(2) What does brand repositioning mean? And what is the problem with it?

It's a tactic taught daily to business school students. Students are shown a perceptual map in which a brand is in close proximity to competitors and associated with lifeless values. Then the student is pointed to a golden land on the other side of the map, where the consumer's unfulfilled needs are and competitors are few and far between. The implication is obvious: change what the brand stands for and become popular and profitable again.

The problem with brand repositioning: it does not work.

(3) Explain what Wal-Mart's repositioning plan was?

In Wal-Mart's case, the brand repositioning was particularly bonkers. Out went founder Sam Walton's philosophy on reducing costs for small-town America. In came organic food, expensive jewellery and \$500 bottles of wine. Celebrities like Destiny's Child were brought in to promote the brand, and Wal-Mart even invested in an ill-fated ad campaign in Vogue.

(4) What is brand revitalization?

Brand revitalization is a more simple, humble approach to brand change. First, go back to your history and remember what made the brand great in the first place. Second, revisit these associations but in a modern and contemporary way.

### Part C

1)

(1) Apple

(2) Research in Motion (RIM)

(3) ZTE

(4) 0.4%

(5) 1.2%

(6) the third-biggest handset-maker

- (7) networking gear      (8) “white label”      (9) operators  
 (10) consumers  
 2)

(1) How did ZTE thrive in its early stage?

With prices for comparable products 25%—90% less than those of its Western competitors, ZTE has customers in over 60 countries. As Alcatel-Lucent, Nortel and other established telecoms-equipment makers have suffered, ZTE has thrived.

(2) What are the two reasons that contribute to the possible strong growth of ZTE in 2008?

Export sales, which account for around two-thirds of revenues, continue to grow as poor countries expand the range and capacity of their mobile-phone networks.

a) At the same time ZTE will benefit from one of the largest telecoms projects in history: the construction of China’s much-delayed “third generation” (3G) mobile networks.

(3) What factors fostered ZTE’s emergence?

a) ZTE has benefited from the thousands of inexpensive and well-trained engineers coming out of China’s universities, many of whom are deployed at short notice to work on large projects in some of the world’s most difficult places.

b) ZTE’s ability to use help from the Chinese government to arrange cheap financing for its global customers, which often lack capital.

c) ZTE understands well how to pursue a low-cost strategy. It focuses on making equipment that is cheap, reliable and unobtrusive.

d) ZTE keeps itself in the background. It supplies handsets on a “white label” basis to operators, which then sell them under their own brands. It sees operators, not consumers, as its customers.

## Unit 6

### Part A

- 1)  
 (1) 69 million; valuable; cherished  
 (2) animal welfare; obesity; snapping  
 (3) suppliers; head office  
 (4) 72; 48.

2)

- (1) F    (2) T    (3) F    (4) F    (5) F

### Part B

1)

- (1) advertising-to-sales ratio
- (2) financial statements
- (3) calculation
- (4) 5%
- (5) the size of your market
- (6) the cost of media,
- (7) how much your competitors are spending
- (8) the speed at which you'd like to grow.
- (9) leverage volume
- (10) leverage margin
- (11) tiny percentage
- (12) larger percentage
- (13) revenue base

2)

- (1) How do many company leaders deal with the conundrum of how much they should spend on advertising?

Instead of seeking a rational answer to the question, many of them just ignore it and hope it will go away.

- (2) What are the guidelines to follow for a company that wants to develop a plan that works for it?

Your first step should be to try to find out what the advertising-to-sales ratio typically is in your field by referring to the financial statements of public companies or starting at 5% and then adjusting your projected spending accordingly if such statements are not available.

You'll also need to make sure whether your business is built to leverage volume or to leverage margin. Volume-driven companies tend to spend a tiny percentage of sales on marketing. By contrast, margin-driven companies tend to spend a larger percentage of sales on marketing.

Besides, services businesses usually spend more on advertising. And before you make your advertising budget, you need to make sure whether the company can afford it and choose the most effective mode.

**Part C**

1)

- |             |              |             |              |
|-------------|--------------|-------------|--------------|
| 1. flattery | 2. ridicule  | 3. pity     | 4. fear      |
| 5. spite    | 6. desirable | 7. alluring | 8. buzzwords |

2)

1. A    2. E    3. F    4. B    5. A    6. D

**Unit 7****Part A**

1)

- |             |              |                  |
|-------------|--------------|------------------|
| (1) mull    | (2) summoned | (3) ill-prepared |
| (4) rescued | (5) inclined | (6) contain      |

2)

- (1) F    (2) T    (3) F    (4) T    (5) F

**Part B**

1)

**Column A****Column B**

1. Berkshire Hathaway	1. Warren E. Buffet
2. Intel	2. Andrew S.Grove
3. Coca-Cola	3. Roberto C. Goizueta
4. Microsoft	4. William H. Gates
5. Walt Disney	5. Michael D. Eisner
6. Wal-Mart	6. Sam Walton

2)

Goal	Ballmer's goal: <u>to create a great, long-lasting company that will be even more successful in its second quarter than it was in its first.</u>
	There's an opportunity for Microsoft to really be amazing:
	To be amazing as <u>a business</u>
	To be amazing in <u>the positive impact that we have on society.</u>
	To be amazing, we have to do <u>some things differently.</u>

continued

A set of management processes	Ballmer has put in place a set of processes aimed at <u>bridging the gap between the sales and product-development sides of the company.</u>
	He has empowered a <u>second tier of executives to run their businesses with less supervision,</u>
	breaking from <u>Microsoft's heritage of placing every important decision in the hands of Gates and Ballmer.</u>
	He has ordered <u>his engineers, salesforce, and managers to improve the quality of their products and services.</u>
Ballmer's meeting system	His meeting system includes everything from <u>rank-and-file employees grading their supervisors to an accounting system for managers.</u>
	His final touch: Ballmer is making adoption of <u>the new corporate value</u>
	part of every employee's <u>annual performance review.</u>
Ballmer's code of conduct	The company's core value: <u>honesty, integrity, respect.</u>

### Part C

1)

- a) making timely and wise decisions
- b) evaluate good or bad judgment calls
- c) evaluate a leader's judgment
- d) judgment is the fundamental essence—the DNA—of leadership
- e) remembered primarily for their toughest judgment calls
- f) reveal lessons from major companies that have thrived - or suffered - because of senior management's judgment
- g) First in the process of judgment; second with regard to good and bad judgment; finally the leadership attributes.

2)

- a) *Judgment: How Winning Leaders Make Great Calls* (Portfolio, November 2007)
- b) Until now, there has never been a consensus about what defines good judgment, and no one has offered a framework for making consistently good calls - especially when stakes are high and information is scarce.
- c) Tichy and Bennis illustrate that most judgment calls arise in three key domains: people, strategy and crisis management.

- d) One example of good judgment occurred at Boeing. When Jim McNerney successfully transformed the accusation into a world-class model of competitiveness and ethical leadership. HP's CEO Carly Fiorina and HP's board were cited as cases of poor judgment. Fiorina repeatedly showed poor judgment when it came to people issue, paying inadequate attention to the challenges of preparation and execution.
- e) The key qualities are:
- \* The desire to find best practices
  - \* A competitive drive
  - \* The ability to foster camaraderie and network
  - \* Character and courage
  - \* Focusing on the outcome of their judgment calls
  - \* Being accountable for driving execution
  - \* Creating an environment in which people tell the truth and teach others
  - \* Having the self-confidence to be wrong

## Unit 8

### Part A

1)

- |               |          |             |            |
|---------------|----------|-------------|------------|
| (1) Four      | (2) heal | (3) victims | (4) refine |
| (5) memorials | (6) 19   | (7) 3,000   |            |

2)

- (1) F      (2) T      (3) F      (4) T      (5) F

### Part B

1)

- Argument by the behavioral scientists:

The behavioral scientists prefer non-monetary factors as stimulants to employee motivation. The non-monetary factors include: challenging jobs, goals, participation in decision making, feedback, cohesive workgroups, etc.

- Arguments by Ed Locke:

We argue that money is the crucial incentive to work motivation;

Money is the vehicle by which employees can purchase numerous need-satisfying things they desire;

Money also performs the function of scorecard by which employees assess the value the organization places on their services and by which employees can compare their value to others.

- Equity theory suggests: money has symbolic value in addition to its exchange value.

We use pay as the primary outcome against which we compare our inputs to determine if we are being treated equitably. Pay is a message, from the organization to employees, of how much it values the contribution of each.

2)

(1) Four            (2) 30            (3) 16            (4) 1            (5) 17

### Part C

1)

(1) quit-but-stay            (2) fire them up            (3) re-engaging  
(4) shrewdly            (5) minimum            (6) redundancies

2)

- Give employees as much meaningful work as possible.
- Give employees the information and resources needed to do a good job.
- Demonstrate a commitment to career development and promotion from within.
- Foster a sense of team spirit.
- Publicly recognize and congratulate employees for good work. Celebrate success; create heroes.
- Provide regular and specific feedback to all staff through both formal appraisal and informal channel of communication. Encourage feedback from staff and involve employees in decision that affect their work.
- Pay people what they are worth. Consider such factors as market forces, predatory competitors and the contribution each individual makes.



## Unit 9

### Part A

1)

(1) self-defeating; 50 hours (2) huge blessing (3) curse;  
(4) Inevitably; face-to-face; mutual needs (5) portable (6) inmates; creativity.

2)

(1) F            (2) T            (3) F            (4) F            (5) T

### Part B

1)

Before an interview, you should ask yourself some questions, such as _____.	a. What do you want the job and why do you want it? b. What are your short-term and long-term career plans? c. Why do you choose this company, in this industry?
In addition _____.	You may do your research in advance using your personal network of friends and contacts, the internet and sources in the press. Then you can surely get a real feel for what the job will be like.
Then you can make a list _____.	of skills that you have that qualify you for the job.
On the interview day, make sure _____.	You arrive on time – at least 10 minutes before the appointment.
Finally, when you leave the interview, make sure _____.	That you know what is going on to happen next.

2)

(1) Why can an interview for a job be as much fun as a visit to the dentist?

Because an interview should be an enjoyable experience, from which both the interviewer and the applicant may find some fun. Regardless of how structured the interview, you need to find yourself in a two-way conversation with the common purpose of determining both your ability to do the job well and if your needs will be satisfied.

(2) In the viewpoint of Mr. Lucas, is working experience important for a job candidate?

Yes, he thinks working experience is very important for a job applicant.

(3) What kind of applicant may possibly leave a favorable impression to the interviewer?

If he/she listens to the questions asked and, in turn, gives clear, articulate and brief answers and also tries to relax and be himself/herself, he/she may leave a favorable impression. And a candidate should always be positive as well.

(4) Should one be honest and humble in an interview?

Interviews are no time to be humble. Be careful not to under-sell yourself, but at the same time avoid exaggeration and remember anything you say at interview you will have to back up with action in the job.

### Part C

1)

(1) performance-based      (2) positive, gist      (3) integral      (4) gripes, complaints

2)

	The Merit Systems Protection Board has advice for supervisors on how to conduct more effective performance appraisals.
First,	understand the work.
Second,	communicate.
Third,	track goals and performance.
Finally,	communicate again.

## Unit 10

### Part A

1)

(1) c      (2) d      (3) e      (4) b      (5) a

2)

(1) India, home

(2) adjusted, basket

- (3) squeezed, cut
- (4) arguable, gap
- (5) Details, worth

### Part B

- 1)
  - (1) bubble to emerge
  - (2) liquidity and credit
  - (3) inflate
  - (4) agency issues
  - (5) mortgage broker
  - (6) guidelines
  - (7) every incentive
  - (8) fee-based system

2)

Important factors in the chain that contribute to financial crisis	Examples	Solutions/ Corrections
Agency issues and Moral hazard	The more mortgages they can push through, the higher their income. They are required to meet certain guidelines as they do this, but so long as their income depends upon the number of mortgages passing through their hands they have every incentive to push the guidelines away.	
Mis-pricing of risk	The brokers had no stake in the outcome once the mortgages left their hands. The same with banks, all they had to do was to process the mortgages, package them up, then sell them and collect their fee.	
Mal-distribution of risk	The brokers had no stake in the outcome once the mortgages left their hands. The same with banks, all they had to do was to process the mortgages, package them up, then sell them and collect their fee.	
Human nature-greedy	To protect the business, should you get worried and start checking mortgages more carefully to make sure that things don't get further out of hand? No, you should accelerate what you are doing, write even more mortgages. So why not collect as many fees as possible before the gravy train ends?	
Homeowners	Homeowners in non-recourse states were basically granted cheap options on their homes. The downside was they were protected and they had no reason to effectively monitor risk	

**Part C**

1)

(1) F      (2) T      (3) F      (4) T      (5) F

2)

(1) D      (2) C      (3) D      (4) A      (5) B

**Unit 11****Part A**

1)

(1) d      (2) e      (3) a      (4) b      (5) c

2)

- (1) guides, ahead
- (2) website, closed
- (3) 4.8m, parent
- (4) diversified
- (5) private, appointed

**Part B**

Is it too late to invest in commodities?	No.
How long will the current boom last?	It will last until 2010 or 2012.
How do swings in the dollar affect commodity prices?	Commodities are priced in US dollars, so when the dollar fall, it makes commodities cheaper for countries whose currency isn't tied to the dollar. The result, of course, is that demand increases in those places, and that makes commodity prices go up.
What do you look for in the stocks you invest in?	Growth in a company's reserves, growing production, growth in cash flow, management with financial expertise and no debt.
Given those factors, what stocks do you recommend?	Fording Coal Penn West
What mining companies do you like?	Northern Orion Goldcorp

- (1) How is the performance of commodities mutual funds comparing to the average market?  
While the S&P 500 has barely been moving—the stocks in the index have gained a negligible 1.5% in the past 12 months—the average commodities mutual fund has gushed a 38% return.
- (2) What are the factors to make investors profit from natural sources?  
Continued growth in China and India—plus a tepid dollar—is creating a long-term opportunity for investors to keep profiting from natural resources.
- (3) Why is it not too late to invest in commodities?  
Because there have been no major discoveries of copper, gold, oil, or gas, supply is limited and investors should not worry about commodity prices falling much further.
- (4) Why does Holmes expect all commodity prices to move back up in the second half of 2005?  
Although we've just passed the peak in growth of Chinese demand—commodities consumption was rising at 20% a year—it's still growing at 12% and will continue to increase at double-digit rate until the end of the decade. In China you have a government that is building infrastructure, which uses commodities. And you have an emerging middle class, which wants to buy products that are made from commodities.

### Part C

1)

(1) \$28million      (2) 29%      (3) \$2 billion      (4) 14.6%      (5) 24%

2)

About Lampert's successful investment events:

—ESL holds 14.6% of Sears, whose stock soared 24% on Nov.5.

—ESL also owns a big chunk of the No.1 auto-parts retailer, AutoZone, and the biggest national chain of car dealers, AutoNation, as well as a small stake in telecom giant MCI.

—ESL got control of Kmart of a \$23 billion retail chain—the nation's third-largest discounter, behind Wal-Mart and Target—for less than \$1 billion in bankruptcy court.

About Lampert's management chops at Kmart:

—Lampert has been milking Kmart for cash.

—Lampert has imposed a program of keeping the lid on capital spending, holding inventory

down, and stopping the endless clearance sales.

—Lampert has pushed for Kmart to sell 68 stores to Home Depot and Sears to raise a total of \$846.9 million.

## Unit 12

### Part A

1)

(1) F      (2) F      (3) T      (4) F      (5) F

2)

- (1) fraud
- (2) in doubt
- (3) accept
- (4) withdraw
- (5) charge

### Part B

1)

Recently, annually, place, month, beauty, expected, actual, off, shift, capacity

2)

(1) What is the disadvantage of Sabanes-Oxley Act compliance in the view of most companies?  
Companies are spending more money than they ever imagined to put the new compliance measures into place.

(2) What is the benefit of Sabanes-Oxley compliance to companies?

Before it wasn't unusual for companies to set and review budgets annually. Today the software systems that have been put in place for Sarbanes-Oxley compliance are enabling these same companies to review budgets once a month. The beauty of this increased frequency, says Barto, is that managers can more quickly compare expected performance with actual performance.

- (3) In what ways will most companies allocate their Sarbanes-Oxley spending according AMR research?

88% of companies surveyed said they expected to maintain or increase their Sarbanes-Oxley spending this year. Nearly 40% of that increase will go for more personnel, 30% for outsourced services, and another 30% for technology.

- (4) How does Marios Damianides understand transparency of a company?

It's this very issue of transparency that will likely drive the changes that are inevitable in corporate compliance. Since the advent of Sarbanes-Oxley, transparency in business systems and accounting and auditing procedures has mainly been about reassuring investors that a company's books were being handled properly. A better, more proactive definition of transparency means that companies have the ability to get a better look inward. "The concept of transparency is moving from spotting bad deeds when they happen to being part of the very fabric of an organization," says Damianides.

### Part C

1)

- (1) T      (2) F      (3) F      (4) T      (5) F

2)

- (1) Why lawyers are so important in hostile takeovers?

Firstly, most deals today are cross-border. Secondly, target companies need to defend themselves. Thirdly, bidders need to succeed, too.

- (2) What's the precondition of more legal input in deals?

The environment is far more regulated, in particular in terms of securities market regulation, antitrust and pensions.

- (3) What's "regulatory arbitrage"?

In today's environment, it is more than likely a bid or counter bid will be coming from outside the target's jurisdiction, or that the target or bidder may have a secondary listing of its shares on another exchange. So the cross-border influence has become vital, and that is potentially something the target can take advantage of and the bidder must be fully prepared to deal with. For example, if the bidder has a listing in the US, the target might pursue

litigation against it in the American courts. While that may not defeat the bid, it can certainly buy valuable time.

(4) In what ways has the role of a lawyer in a hostile takeover been changed in Europe in recent years?

One of the most significant ways in which the role of an adviser in a hostile takeover has changed in Europe in recent years is that the adviser must now think beyond a single jurisdiction.

(5) Why are hostile and contested takeover welcomed by advisers?

The takeovers are complex and involve make-or-break for clients. They are potentially extremely lucrative.

## Unit 13

### Part A

- 1) the 1960s and 70s, power, commerce, reverse, workplace  
controversial, engage, runs counter to, very firmly
- 2) pull, magnetic, equivalence, resistance, futile,  
immigrant populations, a couple of generations,

### Part B

#### Main Points:

##### 1. Culture

A. At superficial level: culture consists of artifacts.

e.g. pictures on an organization's wall, the way to create an agenda, and how meetings begin and end. These are overt manifestations of culture. They encompass behaviors, structures, systems, procedures, and rules.

B. At underneath level: norms. unwritten rules that guide behavior. e.g. French meeting VS. American meeting

C. At core level: core values, the shared ideas about what is important. Despite the overlap



values between American and French, such as the love for justice, science, liberty, equality and the arts, French culture can stymie an American with formal manners, obsession with logic, cautiousness and savoir faire.

## 2. Tips for building cultural competency

### *Step One: Get to know the partner culture*

- A. Reading about the country. From local library, bookstores, etc.
- B. Reading about cross-cultural business. *When Cultures Collide: Leading Across Cultures* by Richard D. Lewis & *Cultural Intelligence: People Skills for Global Business* by David C. Thomas and Kerr Inkson.
- C. Watching foreign films from that culture.
- D. Reading novels by people from that culture or set in that culture.
- E. Increase knowledge about America, or home culture. Help raise awareness about we take for granted.

### *Step Two: be mindful when working with that culture*

- A. Body language: look uncomfortable, even if they agree verbally.
- B. Lack of follow up: agree yet no action
- C. Absenteeism: don't attend meetings or return calls.

### *Step Three: to adjust behavior*

- A. Avoid idioms and acronyms: idioms such as “let’s nail it,” “low-hanging fruit,” “line of sight,” and “hit the bulls-eye.”
- B. Check for understanding. It involves reiterating expectations, action items, and follow-up steps.
- C. Find an ally for guidance when we need a cultural coach, an interpreter, or simply a sympathetic ear.

## Part C

	Chinese	English
Red	<p>Red is the <u>favorite</u> color for Chinese people, stands for the <u>joyous</u> and <u>happiness</u>.</p> <p>➢ Commendatory</p> <p>Red is the color of <u>good luck</u> and is used for <u>decoration and occasions like wedding</u>. In Chinese Spring Festival, <u>Chinese hang red lanterns</u>; <u>stick red “fu” word on windows</u>.</p>	<p>In American history, red is not a very good word.</p> <p>➢ Derogatory</p> <p>-Association of <u>the “fire”</u>, <u>“blood”</u>,</p> <p>-An evil omen for <u>danger</u>, stemming from the spirits of bullfighters. So the red rag that bullfighters use to provoke bulls is considered annoying.</p>

continued

	Chinese	English
Red	<p>➢ Derogatory Red is the symbol of <u>the death and danger</u>. When a prisoner is sentenced to death, his name is circled in red. And his clothes are always in red to show his low position as a prisoner and his crime.</p>	<p>-Expressions: <u>red battle; the red revolution; the red activities; the red adventurous story; the red flag; have red hands; red ideas; red ruin; in the red; red ink; see red.</u> -Symbols of <u>cruelty, war, violence, revolution, disaster, danger, alarm</u> ➢ Commendatory “Red-blooded” means <u>a brave person who has the big courage</u>; “a red letter day” before is a habit in the church to use the red letter to circle the festivals. Now, it is used in any festival <u>worthy of remembering and any joyous festival</u>; “Red ribbon Bath” is the French glory bandage in red; “<u>Red-cross</u>” is the national bandage of Britain.</p>
White	<p>➢ Commendatory Associated with <u>light, goodness, innocence, purity, and virginity</u>. As the color of <u>perfection</u> it means <u>safety, purity, and cleanliness</u>. It stands for <u>the bright future and hope</u>, which has almost the same meaning in English at this point. ➢ Derogatory Taboo color. It shows the Chinese’s <u>material and spirit disgust</u>. It reminds people of <u>solemn mourning</u>. A symbol of <u>death, lifeless performance and bad omen</u> for funeral mourning.</p>	<p>➢ Commendatory White symbolizes <u>purity, elegance and frank</u>, a tradition beginning from the Victoria Ages. The white is a symbol of <u>celebration</u> and it emphasizes the connotation of <u>the sanctity and loyalty</u>. And from 1850 to 1900, white is a symbol of <u>wealth</u>. At the beginning of this century, white represents the significance of <u>purity and happiness</u>. ➢ Derogatory “White feather” means <u>the fright and the timid</u>; this meaning is traced back to the cockfight game in ancient times. “White flag” is the symbol of <u>failure or surrender</u>. “White trash” is used to <u>despise the poor white people</u>.</p>
Black	<p>➢ Commendatory Black denotes <u>strength and authority</u>; it is considered to be a very <u>formal, elegant, and prestigious</u> color. And the black color is the Emperor’s unique color of clothes. And it also stands for <u>honesty and justice</u> in China. The poets like to use the black to describe <u>the healthy and the strong</u> young boys or girls. ➢ Derogatory Black stands for <u>the evil omen</u> in China’s traditional culture. Besides, black implies <u>gloom, disgrace, misfortune, extreme anger</u>, etc. In modern China, the derivatives of black are always connected with <u>disaster, adversity</u>. It often refers to the <u>evil gang</u> or some <u>offenders and criminals</u>.</p>	<p>➢ Commendatory Black has the connotation of <u>sobriety and stateliness</u>. Black suit and the black dress are both the favorite traditional clothes for the Westerners. On serious occasions, <u>the celebrities all like the black clothes</u>; all the members of the symphony orchestra are all in black suit to show <u>the respect</u> to the audience; in the service industry, the black suit is the ones for the high-grade managers. ➢ Derogatory Black is the sign of <u>darkness</u>. In the Bible, black stands for <u>the devil, the pain and the misfortune</u>. In the classic ballet SWAN LAKE, the black swan stands for <u>hatred or enmity</u>. In the figure of speech, the usage of black always gives people the feeling of <u>terror</u>, which can be seen in the following examples. “black art”; black and blue; black day; black dog; a black look; “in a black mood”; “black sheep”; “a black villain”; “black ingratitude”; “black words” is the unlucky words; “a black letter day” is <u>the ominous day for a person</u>; “black mail” usually means <u>the kidnapper extorts money from victims</u>; “black money” is the <u>illegal money</u>; “black-hearted” means a <u>malicious person</u>, etc. These expressions are all related to the bad, evil, indignant characteristics in Western culture.</p>

## Unit 14

### Part A

1)

- (1) Do you think it appropriate for the American manager to openly praise the Japanese employee in front of his colleagues? Why yes or no?

No. The open praise by the American manager not only pushed that Japanese worker to the corner—off guard and speechless, but may result in another side effect, i.e. the American manager may lose the respect from the other Japanese workers present because he openly praised someone among them. Had he any knowledge of the cultural differences, he would not have blamed that Japanese worker as “rude”.

- (2) Why did the Japanese employee respond to the American boss’ praise in such a silent way? Is he “rude” in such a setting?

According to the Japanese practice, the Japanese employee is not rude to respond to his American boss’ praise in such a silent way, because in Japan, an individual should never be singled out from his group for praise.

- (3) What cultural differences can you draw from this conversation between American and Japanese cultures?

While Americans advocate their individualism, Japanese stick firmly to their collectivism, a spirit deeply instilled into the minds of the Japanese.

- (4) What suggestions can you offer to the American manager to avoid such kind of awkward encounters in the similar cases?

If you should give the case a closer look, we would find that there is little consideration of the Japanese culture in the way the American manager talked to that Japanese worker. Therefore, to avoid such kind of awkward encounters, the American manager should gain some knowledge of Japanese business culture and adapt to it accordingly.

2)

- (1) Why does Mr. Sato feel puzzled when Mr. Rogers first suggest starting their meeting?

Because according to Japanese business practice, business people usually have some kind of small talks before coming down to business meetings, which they believe will help create a more harmonic atmosphere for the talk..

- (2) Do you think it is proper for Mr. Rogers to put Sato’s business card into his wallet



Immediately? Why?

No. Because the practice in the U.S. of glancing at the business card and promptly putting it in the pocket is considered rude in countries like Japan. The Japanese examine the business card carefully and make some comment while accepting it. During meetings, place the business cards of others attending in front of you on the conference table to properly refer to names, ranks, and titles, Use both hands when presenting your card in Japan; position the card so that the person can read it. Presentation of the card varies with the culture.

(3) Why does Sato insist on introducing themselves, such as the positions in the company instead of beginning the meeting?

Because it is very important for a Japanese businessman to know the position of his business partner in the company before they start the meeting. Japanese society is of high hierarchy, in which one should behave properly according to his or her position.

## Part B

1)

Culture	Type of Handshaking
United States	A firm handshake plus direct eye contact, step forward to shake hands, then loosen their grips quickly, and back to keep a certain distance from each other
Chinese	Hold hands at first, then come closer to each other
Japanese	Keep a greater distance, slightly bow, avoid focusing straight into the eyes of another person
British	Soft
German	Firm, more frequent, repeated on arrival and departure, traditionally accompanied by a slight bow
French	Softer and limp
Middle Eastern	Gentle; repeated frequently, and free hand placed on forearm of other person, the eyes are hooded, even languid

2)

(1) T      (2) F      (3) T      (4) F      (5) T

**Part C**

1)

	<b>Features</b>	<b>Examples of countries</b>
<b>High-context culture</b>	Most of the information is in the physical context or is internalized in the people who are a part of the interaction. Very little information is actually coded in the verbal message. People are more adept at reading nonverbal behavior and the environment.	Japan, Korea, China
<b>Low-context culture</b>	Most of the information is contained in the verbal message, and very little is embedded in the context or within the participants.	German, American

2)

(1) T      (2) T      (3) F      (4) F      (5) F

**Unit 15****Part A**

1)

(1) F      (2) T      (3) F      (4) F      (5) T

2)

Mark Sirower, visiting professor at New York University, says surveys have repeatedly shown that about 65 percent of mergers fail to benefit acquiring companies, whose shares subsequently underperform their sector. Why? Colin Price, a partner at McKinsey, the management consultants, who specializes in mergers and acquisitions, says the majority of failed mergers suffer from poor implementation. And in about half of those, senior management failed to take account of the different cultures of the companies involved.

Melding corporate cultures takes time, which senior management does not have after a merger. Mr. Price says. “Most mergers are based on the idea of ‘let’s increase revenues’, but you have to have a functioning management team to manage that process. The nature of the problem is not so much that there’s open warfare between the two sides. It’s that the cultures don’t meld quickly enough to take advantage of the opportunities. In the meantime, the marketplace has moved on.



## Part B

1)

Table 1: Conflict between the two managers in a textile company:

	Opinion	Reason
The marketing manager	He wanted to <u>accept small orders</u> for fabrics from fashion companies.	If the company <u>filled these small rush orders</u> , then they would <u>get larger orders</u> from the fashion companies later.
The production manager	He wanted the company to <u>refuse the small orders</u> .	These <u>small orders</u> were costing the company too much <u>money and time</u> .

Table 2: Diagnoses of the problem and recommendations for solving it:

	Diagnoses	recommendations	Steven's observation
The French students	<u>the general manager</u> had not resolved the conflict.	take the problem to <u>the general manager</u> who would tell them what to do	see organizations as <u>pyramids</u> of people with <u>manager</u> on top.
The German students	the organization lacked <u>the proper structure and procedures</u> for decision-making	to develop the necessary structure and <u>procedures for making these decisions</u> .	see organizations as <u>well-oiled machines</u> .
The British students	the result of the poor <u>negotiation skills</u> of the two managers	both managers be sent to a management course to improve their <u>relationship skills</u>	see organizations as <u>village markets</u> in which people have to negotiate.

2)

### *Pyramids*

In countries with large power distance and strong uncertainty avoidance, people like power and authority to be concentrated in one person and they like activities to be structured. A country with this combination of values is France, but this organization type might also be found in countries with a similar combination of power distance and uncertainty avoidance scores. This group of countries includes Guatemala, Mexico, Korea, Japan, and Greece. In Japan it is not formal rules, but informal rules in the form of customs and accepted ways of doing things that define the structure.

### *Machines*

In countries with small power distance and strong uncertainty avoidance, people prefer to structure activities without concentrating authority at the top of the organization. They want their

organizations to run like well-oiled machines. They want everyone to know what they should do without having to take orders from an all-powerful boss. Germany is a good example of a country in this group. German organizations may be more structured than most, but we would also expect to find similar organizations in Switzerland, Austria, and Israel if scores on the value dimensions are reliable predictors of organizational forms and styles.

### **Markets**

Countries with weak uncertainty avoidance and small power distances prefer organizations that resemble local markets. The structure is not as clearly defined and the social and emotional distances between people at various levels are small. People negotiate, bargain and generally work out problems as they arise. Good relationship skills are essential for managers in this type of organization. Hofstede cites Great Britain as an example, but Ireland, Denmark, Sweden and, to a lesser extent, the United States, Canada, Australia and Norway also fit into this group of countries.

### **Families**

Countries and regions rooted in Chinese culture tend to combine large power distance and weak uncertainty avoidance. People in other Asian countries such as India and Malaysia show similar patterns. In these places the preferred organizational form is a strong leader and a rather loose structure. The very powerful owner-manager operates like the father or grandfather of an extended family. The boss makes decisions and his policy takes precedence over formal procedures. Employees at lower levels in the organization may have high-level professional skills and good ideas about how something could be improved, but they will not contradict the boss.

### **Part C**

1) There are two basic ways to approach the interaction between different and distinct organizational cultures. One is by using a cultural dominance model, by which one cultural system dominates the other within the company, using the organization structure and management techniques of the dominant culture. The other approach is called the Cultural Synergy Model. In this model, the culturally synergistic organization takes the best of each culture and they are melted together without infringing on the other. With this diversity and respect for each culture, the organizational leaders can then solve problems synergistically.

2)

(1) C    (2) A    (3) D    (4) B

## Unit 16

## Part A

1)

(1) A (2) C (3) A (4) B (5) D

2)

(1) T (2) F (3) F (4) T (5) F

## Part B

1)

Companies are realizing that a strong sustainable development and corporate social responsibility strategy makes good business sense.	Companies are <u>an integral part of the societies and communities in which they operate, and they cannot succeed if the society around them fails.</u> Companies also <u>have come to recognize that CSR goes beyond philanthropy and is a matter for strategic debate.</u>
Much of the progress made by industry toward sustainable development since the Rio Earth Summit in 1992 can be attributed to voluntary initiatives.	Voluntary initiatives help <u>build partnership and trust between government and the private sector.</u> voluntary agreements encourage <u>business, both in developing and developed countries, to unleash its creative talents and move forward.</u>
WBCSD has been making some efforts to ensure progress in the social pillar.	First results of our project on <u>Accountability &amp; Reporting show that a commitment to enhanced accountability can lead to a major shift in how a company looks upon itself and its wider role in society.</u> We have also started a project on <u>Sustainable Livelihoods, which examines the role of business in poverty alleviation.</u>
Progress in trade liberalization within the WTO must go hand in hand with more social rights and environmental protection	Sustainable development is best achieved <u>through the market, and that we need to make the market work for all if we want to bridge the unsustainable divides between the rich and the poor.</u> And it can only be achieved <u>by taking into account all three pillars of sustainable development: ecological and social, as well as economic.</u>
The WBCSD supports the notion that the prices of goods must reflect all the costs—financial, environmental and social—involved in making them, using them, disposing of them or recycling them.	Many of nature's resources and services are <u>currently not monetized.</u> Establishing such prices could <u>reduce resource waste and pollution.</u> Proper valuation <u>would help us maintain the diversity of species, habitats, and ecosystems, conserve natural resources and prevent the buildup of toxic resources in the environment.</u> It is the role of governments to <u>establish the right framework conditions, whether through environmental taxes or other incentives.</u>

2)

(1) Is there a universal definition of CSR? Why?



There is no universal definition of CSR because the concept is always being redefined to serve changing needs and times. It is up to each company individually to define the values and principles it stands for.

(2) What is sustainable development?

Sustainable development is about ensuring a better quality of life for everyone, now and for generations to come.

(3) What are the three pillars of sustainable development?

They are ecological, social and economic pillars.

(4) What is Björn Stigson's view on today's global marketplace?

Today's global marketplace is not too open—it is still too closed. The failure of the WTO meeting in Cancun is a case in point. Trade barriers like the agricultural subsidies in the European Union and the United States are creating major obstacles for developing countries to sell their products.

### Part C

1)

(1) Despite the renewed emphasis recent corporate scandals have placed on the need for businesses to be squeaky clean, the number of workplace misdeeds observed by employees throughout America is on the rise.

(2) "Regulation resulting from Enron and other corporate scandals spurred a renewed emphasis on corporate ethics and new laws and regulations related to compliance," said Patricia Harned, president of the ERC.

(3) ERC defined misconduct as any behavior that violates the law or organizational ethics standards. Employees reported witnessing an array of violations, including abusive behavior, lying, discrimination, stealing and sexual harassment.

2)

Survey Result	percent of employees (2005)	percent of employees (2003)
They took note of ethical lapses.	<u>52</u> %	<u>46</u> %
Their organizations have ethics training.	<u>69</u> %	<u>55</u> %
They reported misdeeds of their colleagues.	<u>55</u> %	<u>65</u> %

## Unit 17

## Part A

1)

rings; married; vastly; bumping into; glued; 370; resorted to; run over; floor-level; hotspots

2)

(1) T (2) F (3) F (4) T (5) T

## Part B

1)

Internet bears a lot of similarity to the media that have come before, but it also allows us to do things we couldn't before.	Things people can do on the Internet as well as through other media: It is possible to <u>publish print material on the Net.</u> It is possible to <u>distribute video or audio through the Net.</u> It has <u>a lot of the characteristics of the postal service</u> because of e-mail. It has <u>characteristics of the telephony service.</u> Things people cannot do through other media: It allows <u>dialogue to be established among people in a group.</u> It is <u>two-way.</u>
Internet is increasing in its total capacity and penetration.	The estimated users of Internet today <u>is 200 million.</u> The estimated users of Internet between 2004 and 2006 <u>will reach the billion mark.</u> It is also estimated that <u>there will be about a billion devices on the Net by 2006-2007.</u>
The Internet has tended to operate as a confederation.	Firstly, <u>anyone who is part of the Internet environment takes on some responsibility for operating a piece of the Internet.</u> Secondly, <u>there is a great deal of appreciation for standards because without them, the system doesn't work.</u> Thirdly, <u>there is an understanding that you need some administrative functions to make sure that Internet names do not get assigned duplicatively or that domain names are unique.</u>
The Internet Societal Task Force (ISTF) was set up to consider several problems, one of which is how to make the Internet accessible to everyone.	Achieving that goal requires a considerable amount of effort. There are places in the world <u>where the Internet is not accessible, or it is too expensive or has very little capacity or it lacks the other necessary infrastructure</u> The ISTF is looking at what those various barriers are.
Making this system work on a global scale requires a certain amount of government attention to make sure that national laws are not incompatible with other people's national laws.	We don't have <u>agreements on the significance of a digital signature.</u> We don't know <u>what requirements are to be imposed for identification before certificates get issued.</u> We don't know <u>where the jurisdiction is with respect to taxation of Internet transactions.</u>

2)

- (1) What are the similarities does the Internet bear to the media that have come before?

It is a mass medium. It is possible to publish print material on the Net. It is possible to distribute video or audio through the Net. It has a lot of the characteristics of the postal service because of e-mail. It has characteristics of the telephony service because you can have point-to-point communications between individuals and it could be a telephone service as well as a messaging service.

- (2) How is the Internet different from other media?

In addition to its individual communications capability, or its point to multi-point distribution capability, it also allows dialogue to be established among people in a group. The fact that it is two-way is also important. The other mass media have tended to be one-way with restricted access to the “transmitter”.

- (3) How does the Internet operate?

Up till now, the Internet has tended to operate as a confederation. Firstly, anyone who is part of the Internet environment takes on some responsibility for operating a piece of the Internet. Secondly, there is a great deal of appreciation for standards because without them, the system doesn't work. Thirdly, there is an understanding that you need some administrative functions to make sure that Internet names do not get assigned duplicatively or that domain names are unique. Apart from that, everything else is a federated activity and there doesn't need to be a central authority.

- (4) Among all the barriers to achieving the goal of making the Internet accessible to everyone, which is the greatest?

Regulatory barrier is an area of great concern. Making the Internet accessible to everyone may require that governments change their regulatory policies to allow competition. Monopolies tend to move slowly when it comes to innovation. Having a liberal and competitive environment allows new ideas to enter the system. It also allows private capital to flow in.

**Part C**

1)

900 netizens joined the survey		
those who yearn to experience on-line love affairs	those who have made friends with netizens of the opposite sex	those who have on-line lovers
93 percent	61.2 percent	35 percent

2)

- (1) message      (2) approved      (3) listed      (4) proposal

**Unit 18****Part A**

1)

- (1) F      (2) T      (3) F      (4) F      (5) T

2)

- (1) side-effects; (2) day-to-day; (3) paper; (4) metal; (5) terminal; (6) 80%; (7) 6%; (8) six; (9) 4%; (10) 34%

**Part B**

1)

- (1) His research focuses on the influence of indigenous cultures and values on the use, adoption and implementation of information systems.
- (2) The way that e-commerce is diffused and adopted in a particular industry or country is different from one country to another.
- (3) It is also important to understand the telecommunication infrastructure of the country.
- (4) The banking industry plays an active role in adoption of e-commerce and encourages businesses to clear their transactions electronically.
- (5) In many countries, bricks and mortar are still important for consumers, acting as a contact point for information about the products or services.
- (6) This example shows that being forced to adopt a foreign way of life by the colonizer can

alter a country's system of governing and thus its policy making decisions.

- (7) This may happen when trading partners enforce their own values and processes on its suppliers and/or trading partners.
- (8) Where a country declares itself as a multicultural society, it is important to cater to other minority groups.

2)

- (1) What problems arise with e-commerce when implemented trans-nationally?

The way that e-commerce is diffused and adopted in a particular industry is different from one country to another. When implementing e-commerce trans-nationally, it is important to understand the factors that influence the use and adoption of e-commerce in different countries.

- (2) What are the factors that will influence the use and adoption of e-commerce in different countries?

The factors are: telecommunication infrastructure, the banking industry's attitudes towards e-commerce, the attitude of management towards e-commerce security and consumer's habit of face-to-face contact point.

- (3) How can e-commerce issues related to globalization be handled?

The issues of e-commerce implementation are unique to organizations and the country they are located in. Therefore, understanding organizational culture, the distinctiveness of the people and their behavior, government regulations, and policies are important before thinking about implementing e-commerce.

- (4) How can minority culture impact the use of Business-to-Consumer relationships?

In some countries, minority groups have political power in making laws and legislation. Where a country declares itself as a multicultural society, it is important to cater to other minority groups, who prefer to interact using their own languages rather than using the official language as many of the elderly may not read or write the official language.

- (5) What is the attitude towards e-learning in Asian contexts?

In many Asian countries the telecommunication infrastructure is often not good enough for

delivering online information to students. The cost of hardware is also important, as many students may still not be able to afford computers and the Internet connection through available ISPs. The ways students prefer to learn also vary from country to country. In many Asian countries face-to-face contact with their lecturers is the preferred method.

### Part C

1)

Statistics show that this year, as of last week, big data index has cumulatively risen (1) 75.22%, the second highest among all the sectors over the same period, slightly over the index of online games, while at the same period the Shanghai index is down (2) 5.20%. To be specific to each individual stock this year, out of 35 big data stocks, only Branch Jin Choi has fallen by (3) 14.17%, and the remaining stocks have all risen. 34 big data concept stocks outperformed the broader market accounting for (4) 97.14% of the total big data stocks. The 10 stocks with the cumulative value increase of more than 100% are as follows: ChinaNetCenter (5) 341.73%, East Fortune (6) 253.88%, Information Wave (7) 209.38%, Guardian Pass (8) 175.72%, Doctor Peng (9) 149.58%, East China Software (10) 130.09%, Haihong Holdings (11) 116.24%, Dawn Star (12) 111.95%, Rong Union (13) 111.62%. Why did they perform so vigorously? The answer lies in the extensive big data applications.

2)

Why did they perform so vigorously? The answer lies in the extensive big data applications.		
Points	Elaborations and explanations	Examples
First, in the financial sector,	<p>E1: The big data is at the core of all these when customers are catered with convenient financial services.</p> <p>E2: The piled up accumulated historical data of app users can make service providers understand customers' behavior and then target them accordingly</p>	<p><b>Examples</b></p> <p>E1: Yuebao</p> <p>E2: Wechat payment</p> <p>E3: Other third-party mobile payment applications.</p>

continued

Points	Elaborations and explanations	Examples
Second, in the security sector,	E1: Big data is the key to regulation and operation. E2: Use big data technology to connect unusual stock price changes with prototype transaction system so as to construct the comprehensive data module from market supervision.	<b>Examples</b> E1: Unusual stock transactions in Shenzhen Stock Exchange. E2: Regulation of insider trading, market manipulation, and text-mining security fraud.
Third, in the wearable smart devices' area,	E1: Despite the sophistication and high cost, many concepts in the wearable smart devices' area will be materialized and commercialized in the near future by companies. E2: In the future big data can also change our life.	<b>Examples</b> E1: Google glass, smart watch, smart health monitor and smart walker etc. E2: Life-changing field of smart city, smart robotics, smart cars and smart houses etc.
All in all: In the future big data can also change our life in the field of smart city, smart robotics, smart cars and smart houses etc.		

