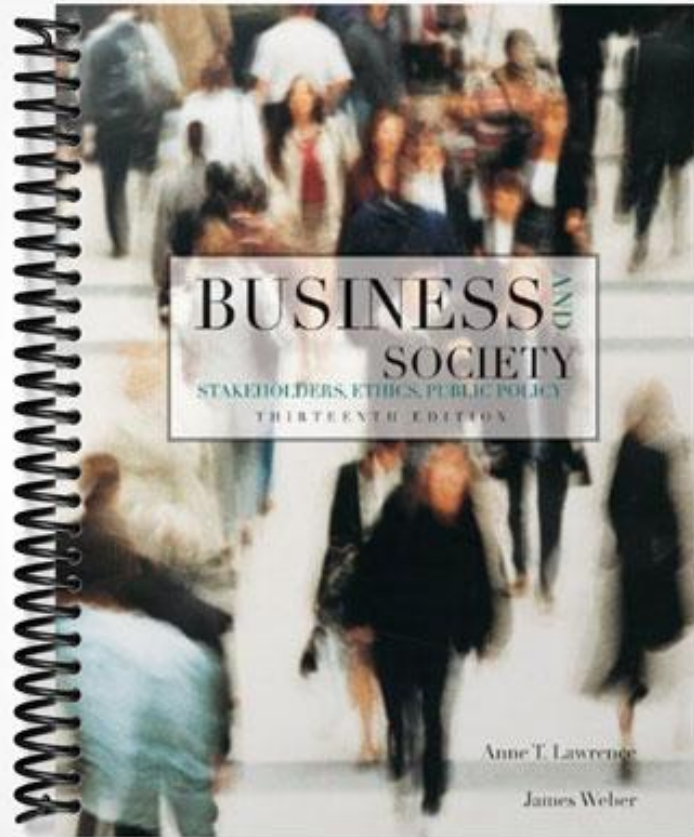


**TEST BANK**



## Chapter 02

# Managing Public Issues and Stakeholder Relationships

### True / False Questions

1. A public issue exists when there is agreement between the stakeholders' expectations of what an institution should do and the actual performance of those businesses.

True False

2. Emerging public issues are a risk and an opportunity.

True False

3. Understanding and responding to changing societal expectations a business necessity.

True False

4. Because the public issues that garner the most public attention change over time, sometimes emerging with surprising suddenness, companies do not waste time tracking them.

True False

5. Organizations always have full control of a public issue.

True False

6. Environmental analysis is a method managers use to gather information about external issues and trends.

True False

7. Environmental intelligence is the acquisition of information gained from analyzing the multiple environments affecting organizations.

True False

8. According to management scholar Karl Albrecht, scanning to acquire environmental intelligence should focus on four strategic radar screens.

True False

9. Legal environment includes the structure, processes, and actions of government at the local, state, national, and international levels.

True False

10. Competitive intelligence enables managers in companies of all sizes to make informed decisions in all areas of the business.

True False

11. Identifying the issue in the issue management process involves anticipating emerging issues.

True False

12. Financially sound companies do not need to understand how a public issue is likely to evolve, and how it will affect.

True False

13. Dialogue between a single firm and its stakeholders is always sufficient to address an issue effectively.

True False

14. For stakeholder engagement to occur, both the business and the stakeholder must be motivated to work with one another to solve the problem.

True False

15. Companies are learning that it is important to take a strategic approach to the management of public issues, both domestically and globally.

True False

**Multiple Choice Questions**

16. A public issue is also sometimes referred to as:

- A. Social issues.
- B. Sociopolitical issues.
- C. Both A and B.
- D. None of the above.

17. The emergence of a public issue indicates that:

- A. A gap has developed between what stakeholders expect and what an organization is actually doing.
- B. Technology is forcing ethics and business strategy closer together.
- C. Consumers are unaware of how an organization's actions affect them.
- D. All of the above.

18. Failure to understand the beliefs and expectations of stakeholders:

- A. Causes company's profits to increase in the short run.
- B. Causes company's profits to decrease in the short run.
- C. Causes the performance-expectations gap to grow larger.
- D. Increases the chance of a corporate buy-out.

19. According to a recent survey of top executives, the issue most likely to gain public and political attention over the next five years is:

- A. Pension and retirement benefits.
- B. Environmental issues, including climate change.
- C. Demand for more ethically produced products.
- D. Affordable cost of products for poor consumers.

20. According to management scholar Karl Albrecht, scanning to acquire environmental intelligence should focus on:

- A. Eight strategic radar screens.
- B. Six management templates.
- C. Eight process improvement models.
- D. Six ethical decision indicators.

21. Customer environmental intelligence includes:

- A. Demographic factors.
- B. An analysis of the firm's competitors.
- C. New technological applications.
- D. The cost of producing consumer goods.

22. The "graying" of the population is an example of:

- A. Customer environment.
- B. Competitor environment.
- C. Economic environment.
- D. Social environment.

23. An analysis of the stability or instability of a government is an example of scanning the:

- A. Social environment.
- B. Legal environment.
- C. Geophysical environment.
- D. Political environment.

24. Legal environmental intelligence includes:

- A. Patterns of aggressive growth versus static maintenance.
- B. Analysis of local, state, national, and international politics.
- C. Considerations of patents, copyrights, or trademarks.
- D. Information regarding costs, prices, and international trade.

25. Because of the risks and opportunities public issues present, organization need.
- A. A strong relationship with a lobbying firm or an in-house lobbying department.
  - B. Executives to be rewarded with substantial bonuses as part of total compensation.
  - C. A systematic way of identifying, monitoring, and selecting public issues.
  - D. Tougher government regulations and oversight by political action committees.
26. The role of special interest groups is an important element in acquiring intelligence from the:
- A. Customer environment.
  - B. Competitor environment.
  - C. Economic environment.
  - D. Social environment.
27. The issues management process is a:
- A. Beneficial tool used only to maximize the positive effects of a public issue for the organization's advantage.
  - B. Beneficial tool used only to minimize the negative effects of a public issue for the organization's advantage.
  - C. Systematic process companies use when responding to public issues that are of greatest importance to the business.
  - D. Confusing process that is rarely used to help top management within an organization.
28. The issue management process has how many stages?
- A. Three.
  - B. Four.
  - C. Five.
  - D. Six.
29. The components of a typical issues management process include:
- A. Identify issue.
  - B. Generate options.
  - C. Take action.
  - D. All of the above.

30. Once an issue has been identified, its implications must be:

- A. Acted upon.
- B. Analyzed.
- C. Segmented.
- D. Deleted

31. An issue's public profile indicates to managers:

- A. How significant an issue is for the organization, but it does not tell them what to do.
- B. Both how significant an issue is for the organization and exactly what to do.
- C. Exactly what to do without indicators of how significant an issue is for the organization.
- D. Any of the above depending on the organization type.

32. Once an organization has implemented the issue management program, it must:

- A. Use trade associations or consultants to follow high priority issues.
- B. Study the results and make necessary adjustments.
- C. Not limit the number of public issues the firm can address.
- D. Pick a selected number of issues to address immediately.

33. When working well, the issue management process:

- A. Is static and never pulls in additional information that would disturb the balance.
- B. Generates two specific options for each issue.
- C. Minimizes dialogue with the stakeholders and focuses on short-term survival.
- D. Continuously cycles back to the beginning and repeats.

34. Contemporary issue management:

- A. Is a linear process.
- B. Was useful in the 1970s, but not today.
- C. Is used by all government agencies.
- D. Is an art, not a science.

35. An effective way to learn what issues are important to people outside of the organization is through:
- A. Building ongoing, positive relationships with stakeholders.
  - B. Conducting public opinion polls.
  - C. Hiring individuals from outside the company for available positions rather than promoting from within the organization.
  - D. All of the above.
36. A corporation's issue management activities are usually linked to.
- A. The board of directors.
  - B. Top management.
  - C. Both the board of directors and top management levels.
  - D. The strategic governance committee.
37. Overtime, the nature of business's relationship with its stakeholders often:
- A. Remains static.
  - B. Evolves through a series of stages.
  - C. Becomes more hostile.
  - D. None of the above.
38. Firms that believe they can make decisions unilaterally, without taking into consideration their impact on others are:
- A. Interactive companies.
  - B. Proactive companies.
  - C. Reactive companies.
  - D. Inactive companies.
39. Firms that generally act only when forced to do so, and then in a defensive manner are
- A. Interactive companies.
  - B. Proactive companies
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40. Proactive companies are:

- A. Much less likely to be blindsided by crises and negative surprises.
- B. Much more likely to be blindsided by crises and negative surprises.
- C. Just as likely to be blindsided by crises and negative surprises.
- D. Much more likely to be forced to defend itself in a lawsuit brought by a stakeholder.

41. Stakeholder engagement is:

- A. Any issue that is of mutual concern to an organization and one or more of its stakeholders.
- B. Competitive intelligence being collected ethically and systematically.
- C. The process of ongoing relationship building between a business and its stakeholders.
- D. The acquisition of information gained from analyzing the multiple environments.

42. Stakeholder engagement is, at its core, a:

- A. Program.
- B. Relationship.
- C. Process.
- D. Systems model.

43. The drivers of stakeholders of engagement are:

- A. Scanning, assessment, and growth.
- B. Data, strategy, and organizational development.
- C. Goals, motivation, and operational capacity.
- D. Financial, operational, and legal.

44. A business and its stakeholders coming together for face-to-face conversations about issues of common concern is:

- A. Stakeholder networks.
- B. Stakeholder motivation.
- C. Stakeholder systems.
- D. Stakeholder dialogue.

45. Corporations working collaboratively with other businesses and concerned persons and organizations is an example of:

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- B. Stakeholder motivation.
- C. Stakeholder systems.
- D. Stakeholder dialogue.

**Short Answer Questions**

46. What is a public issue and how do they impact modern firms?

47. Identify the eight strategic radar screens that enable public affairs managers to scan their business environment. Briefly discuss the issues involved with each environment.

48. What is competitive intelligence? Why is it important to the public affairs function?

49. Identify and discuss the five steps to the Issues Management Process.

50. What are the various stages of the business-stakeholder relationship?

51. Engaging interactively with stakeholders carries a number of potential benefits. Discuss.

Chapter 02 Managing Public Issues and Stakeholder Relationships **Answer Key**

**True / False Questions**

1. (p. 25) A public issue exists when there is agreement between the stakeholders' expectations of what an institution should do and the actual performance of those businesses.

**FALSE**

2. (p. 26) Emerging public issues are a risk and an opportunity.

**TRUE**

3. (p. 26) Understanding and responding to changing societal expectations a business necessity.

**TRUE**

4. (p. 26) Because the public issues that garner the most public attention change over time, sometimes emerging with surprising suddenness, companies do not waste time tracking them.

**FALSE**

5. (p. 27) Organizations always have full control of a public issue.

**FALSE**

6. (p. 28) Environmental analysis is a method managers use to gather information about external issues and trends.

**TRUE**

7. (p. 29) Environmental intelligence is the acquisition of information gained from analyzing the multiple environments affecting organizations.

**TRUE**

8. (p. 29) According to management scholar Karl Albrecht, scanning to acquire environmental intelligence should focus on four strategic radar screens.

**FALSE**

9. (p. 30) Legal environment includes the structure, processes, and actions of government at the local, state, national, and international levels.

**FALSE**

10. (p. 31) Competitive intelligence enables managers in companies of all sizes to make informed decisions in all areas of the business.

**TRUE**

11. (p. 32) Identifying the issue in the issue management process involves anticipating emerging issues.

**TRUE**

12. (p. 35) Financially sound companies do not need to understand how a public issue is likely to evolve, and how it will affect.

**FALSE**

13. (p. 40) Dialogue between a single firm and its stakeholders is always sufficient to address an issue effectively.

**FALSE**

14. (p. 40) For stakeholder engagement to occur, both the business and the stakeholder must be motivated to work with one another to solve the problem.

**TRUE**

15. (p. 42) Companies are learning that it is important to take a strategic approach to the management of public issues, both domestically and globally.

**TRUE**

**Multiple Choice Questions**

16. (p. 25) A public issue is also sometimes referred to as:

- A. Social issues.
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- D. None of the above.

*Difficulty: Easy*

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Chapter 02 - Managing Public Issues and Stakeholder Relationships

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- A. Interactive companies.
  - B. Proactive companies.
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- B. Data, strategy, and organizational development.
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44. (p. 40) A business and its stakeholders coming together for face-to-face conversations about issues of common concern is:

- A. Stakeholder networks.
- B. Stakeholder motivation.
- C. Stakeholder systems.
- D.** Stakeholder dialogue.

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45. (p. 41) Corporations working collaboratively with other businesses and concerned persons and organizations is an example of:

- A.** Stakeholder networks.
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- C. Stakeholder systems.
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#### **Short Answer Questions**

46. (p. 25) What is a public issue and how do they impact modern firms?

Answers will vary

47. (p. 29) Identify the eight strategic radar screens that enable public affairs managers to scan their business environment. Briefly discuss the issues involved with each environment.

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48. (p. 31) What is competitive intelligence? Why is it important to the public affairs function?

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49. (p. 31) Identify and discuss the five steps to the Issues Management Process.

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