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BUSINESS ETHICS

ETHICAL DECISION MAKING AND CASES



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Chapter 2--Stakeholder Relationships, Social Responsibility, and Corporate Governance

Student: _____

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 - A. ability to withdraw resources.
 - B. ability to raise funds.
 - C. media savvy.
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2. Those who have a claim in some aspect of a firm's products, operations, markets, industry, and outcomes are known as
 - A. shareholders.
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3. Which of the following do *not* typically engage in transactions with a company and thus are not essential for its survival?
 - A. Employees
 - B. Secondary stakeholders
 - C. Primary stakeholders
 - D. Investors
 - E. Customers

4. The stakeholder ____ recognizes other stakeholders beyond investors, employees, and suppliers, and explicitly acknowledges the two-way dialog and effects that exist with a firm's internal and external environment.
 - A. orientation
 - B. bias
 - C. dichotomy model
 - D. interaction model
 - E. interface model

5. The degree to which a firm understands and addresses stakeholder demands can be referred to as

- A. a stakeholder orientation.
- B. a stockholder orientation.
- C. the stakeholder interaction model.
- D. a two-way street.
- E. a continuum.

6. An online discussion forum, where visitors can express their opinions on the company's activities and their implications, like that offered by Shell, exemplifies which stakeholder orientation activity?

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- B. The generation of data about stakeholder groups and assessment of the firm's effects on these groups
- C. The distribution of stakeholder information throughout the firm
- D. The organization's responsiveness as a whole to intelligence about stakeholder groups and their concerns
- E. The generation of data about stakeholder groups and distribution of that information throughout the firm so that the firm can counter those firms

7. A stakeholder orientation is not complete unless it includes

- A. accounting.
- B. finance.
- C. marketing.
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- E. activities that actually address stakeholder issues.

8. The stakeholder group mentioned in the text that is absolutely necessary for survival is defined as

- A. Directors.
- B. Tertiary.
- C. Secondary.
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9. When unethical acts are discovered in a firm, in most instances

- A. they are caused by unwilling participants.
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- D. Generate revenue
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13. Which of the following is not associated with the stakeholder interaction model?

- A. A two-way relationship between firm and stakeholders
- B. Recognizes the input of investors, employees, and suppliers
- C. Explicitly acknowledges dialogue with a firm's internal environment
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- E. Identifies the mass media, special interest groups, competitors, and trade associations as primary stakeholders

14. The first set of the three activities that are associated with the stakeholder orientation is the

- A. organization-wide generation of data.
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- E. human relations department's set of priorities.

15. Public health and safety and support of local organizations are issues most relevant to which stakeholder group?

- A. Investors
- B. Community
- C. Suppliers
- D. Customers
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16. Minimizing the use of energy and reducing emissions and waste are issues of critical importance to which stakeholder group?

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- A. Adam Smith.
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23. A description of corporate social responsibility should include all of the following except
- A. corporate rights.
 - B. corporate duties.
 - C. list of environmentally friendly activities.
 - D. consequences.
 - E. values.
24. In ascending order, Carroll's four levels of social responsibility are
- A. ethical, legal, economic, philanthropic.
 - B. economic, ethical philanthropic, legal.
 - C. economic, legal, ethical, philanthropic.
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 - E. ethical, legal, moral, economic.

25. Which ISO guideline was established as a corporate responsibility regulation that cannot be used for certification purposes, but is meant to encourage discussions on the role of social responsibility and the importance of stakeholders?

- A. 3000
- B. 2000
- C. 265000
- D. 26000
- E. 1400

26. Which ISO guidelines pertains to environmental regulation standards and was designed to help reduce a firm's pollution, waste, and carbon footprint?

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27. The best term to use to express how a firm meets its stakeholders expectations of economic and ethical responsibilities is referred to as

- A. reputation.
- B. corporate citizenship.
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28. The stakeholder model argues that a firm's _____ should balance the interests and conflicts of the various stakeholders.

- A. management
- B. CEO and CFO
- C. Board of Directors
- D. entire management staff
- E. entire executive suite

29. _____ is the process of auditing and improving organizational decisions and actions.

- A. Profit
- B. Loyalty
- C. Accountability
- D. Control
- E. Diligence

30. Accountability, oversight, and control all fall under the definition and implementation of corporate

- A. profit.
- B. loyalty.
- C. care.
- D. governance.
- E. diligence.

31. Major corporate governance issues normally involve ____ decisions.

- A. strategic-level
- B. tactical-level
- C. divisional-level
- D. marketing-level
- E. accounting-level

32. Which of the following is a major concern among current corporate boards of directors?

- A. Compensation
- B. The non-traditional directorship approach
- C. Dividend reporting
- D. Corporate social audits
- E. Debt swaps

33. One way through which shareholder activists can evoke change in the structure of boards and the level of accountability of corporations is through

- A. proxy battles.
- B. board of director voting processes.
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34. One policy for limiting executive pay, implemented at J.P. Morgan, was that top managers should earn no more than ____-times the pay of any other employee.

- A. 5
- B. 20
- C. 100
- D. 150
- E. 500

35. According to the text, the specific steps for implementing the stakeholder perspective do not include which of the following?
- A. Identifying stakeholder groups
 - B. Identifying stakeholder issues
 - C. Identifying and gaining stakeholder feedback
 - D. Identifying and gaining SEC feedback
 - E. Assessing organizational commitment to social responsibility groups
36. Which of the following criteria should be considered when identifying resources and determining the urgency within the stakeholder framework?
- A. The level of financial investments required by different actions
 - B. The social structure of employees and management
 - C. The number of unions and activists
 - D. The probability of Federal legislation
 - E. The potential for criminal activities
37. The ____ model is founded in classic economics.
- A. economic
 - B. shareholder
 - C. stakeholder
 - D. board
 - E. ISO
38. Which of the following are *not* typically secondary stakeholders?
- A. Media
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41. Stakeholders' power over businesses stems from their

- A. ability to withdraw resources.
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42. The stakeholder _____ recognizes other stakeholders beyond investors, employees, and suppliers, and explicitly acknowledges the two-way dialog and effects that exist with a firm's internal and external environment.

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43. A stakeholder orientation is not complete unless it includes

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44. Compare and contrast the stakeholder and shareholder models.

45. Discuss and justify whether Smith's or Friedman's economic models will be the predominant model when it comes to business and corporate social responsibility.

46. Explain the stakeholder orientation.

47. Discuss the difference between primary and secondary stakeholders in the stakeholder model and give examples for each type.

48. Discuss the six psychological motives laid out by Adam Smith and how they should be applied in the twenty-first century.

49. Discuss three corporate governance issues, why they are defined as issues, and how you would solve them. Use examples in your answer.

Chapter 2--Stakeholder Relationships, Social Responsibility, and Corporate Governance **Key**

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