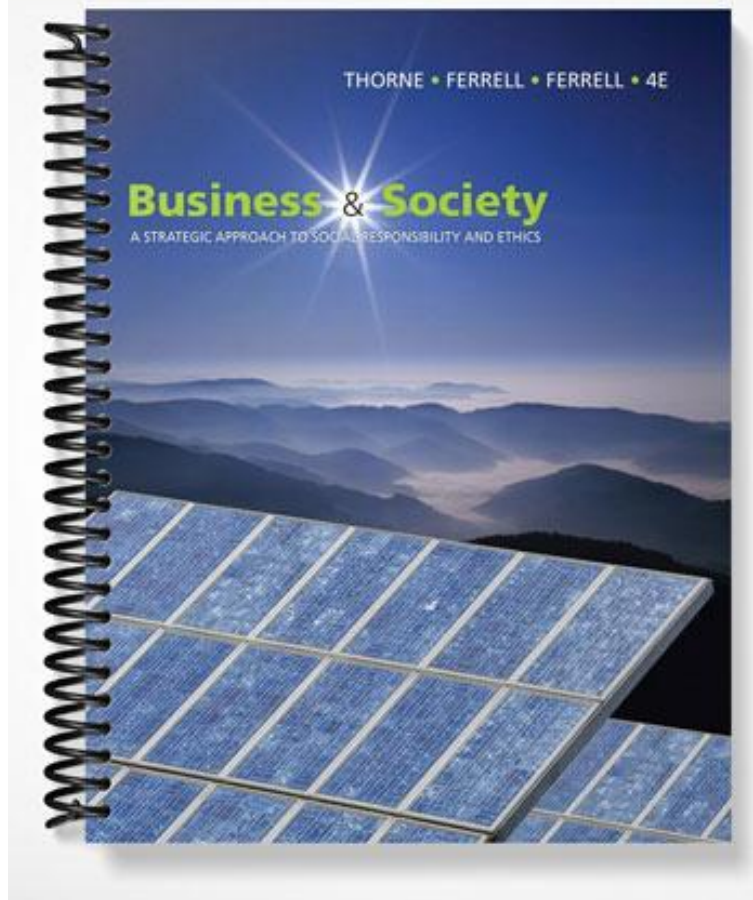


TEST BANK



Chapter 2—Strategic Management of Stakeholder Relationships

MULTIPLE CHOICE

1. Under the historical and traditional views of business, who was considered to be a stakeholder?
 - a. Owners
 - b. Owners and customers
 - c. Owners, customers, employees, and business partners
 - d. Owners, customers, employees, business partners, the community, the government, and special-interest groups
 - e. Society in general

ANS: C PTS: 1 REF: p. 49

2. Which stakeholder provides the goods and services necessary for an organization to function effectively and efficiently?
 - a. Stockholders
 - b. Suppliers
 - c. Employees
 - d. Managers
 - e. Government

ANS: B PTS: 1 REF: p. 50

3. Which of the following *best* describes the rationale of the stakeholder interaction model?
 - a. The customer receives most of the value because investors, suppliers, and employees are compensated at a reasonable level.
 - b. This model involves a two-way relationship with the firm's stakeholders.
 - c. A company basically produces at a level equal to the amount of input received from investors, suppliers, and employees.
 - d. Open communication between employees and management creates the input-output flow in an organization.
 - e. In order to create final products or output, an organization must have several different inputs.

ANS: B PTS: 1 REF: p. 53

4. The ____ model explicitly acknowledges the dialog that exists between a firm's internal and external environments.
 - a. output
 - b. input
 - c. societal
 - d. shareholder
 - e. stakeholder interaction

ANS: E PTS: 1 REF: p. 53

5. Groups that are fundamental to a company's operations and survival are collectively called
- critical stakeholders.
 - primary stakeholders.
 - top stakeholders.
 - shareholders.
 - VIPs.

ANS: B PTS: 1 REF: p. 51

6. Which of the following is *not* normally considered a primary stakeholder?
- Employees
 - Media
 - Community
 - Business partners
 - Employees

ANS: B PTS: 1 REF: p. 51

7. Which of the following does *not* describe the treatment of stakeholders on a worldwide basis?
- Large and progressive companies in most economically developed nations have embraced the stakeholder model.
 - As more businesses enter the global market, they encounter the complexity of balancing stakeholders' relationships with other business operations and decisions.
 - The importance of stakeholders varies from country to country.
 - Catastrophic events around the world have made a compelling case for building relationships with nondomestic stakeholders.
 - A company's treatment of domestic stakeholders is generally the same as that of foreign stakeholders.

ANS: E PTS: 1 REF: p. 53-55

8. The extent to which a stakeholder can gain access to coercive, utilitarian, or symbolic means to impose or communicate its views to an organization is known as
- power.
 - legitimacy.
 - control.
 - urgency.
 - force.

ANS: A PTS: 1 REF: p. 57

9. By banning the importation of goods made by children under the age of 15 through indentured or forced labor, the U.S. government exercised which type of power?
- Coercive
 - Legal
 - Legitimate
 - Symbolic
 - Utilitarian

ANS: E PTS: 1 REF: p. 57

10. Which of the following is the *best* way for a stakeholder to gain legitimacy?
- Committing acts of violence to show the company and the community that you are serious
 - Making claims that you feel are reasonable, regardless of the view of other stakeholders
 - Exploring the issue from a variety of perspectives and then communicating your desires for change in a respectful manner
 - Insisting that your group's interests are extremely important to society in general
 - Informing the media of the horrible things the company has done so that the rest of the world will know

ANS: C PTS: 1 REF: p. 58

11. On what two factors is a stakeholder's urgency based?
- Ethical sensitivity and the impact on society
 - Time sensitivity and the importance of the claim to the stakeholder
 - Economic timing and the stakeholder's ability to use coercive power
 - Goal orientation and motivation of the stakeholder
 - Opportunity and rationale of the stakeholder's claim

ANS: B PTS: 1 REF: p. 58

12. The outcomes associated with positive stakeholder relationships are
- always long-term in nature.
 - mostly short-term in nature.
 - both long-term and short-term in nature.
 - unlikely to have an effect on the firm's reputation.
 - of minimal importance to the operation of the firm.

ANS: C PTS: 1 REF: p. 59

13. Reputation management is
- the process of building and sustaining a company's good name and generating positive feedback from stakeholders.
 - the process of developing positive relationships with media sources in order to influence news about the company.
 - not worth much effort, since stakeholders will make their own decisions about the company's actions.
 - communicating how an organization wants to be viewed by its stakeholders and by the public.
 - top management's efforts to protect its reputation so that top management can achieve greater job security.

ANS: A PTS: 1 REF: p. 60

14. Which of the following is *not* one of the components of the reputation management process?
- Organizational identity
 - Performance
 - Image
 - Impression
 - Reputation

ANS: D PTS: 1 REF: p. 62

15. Which of the following was *not* an action taken by Green Mountain Coffee in an effort to manage its reputation?
- Utilizing high-quality Arabica coffees
 - Building a corporate culture open to employee ideas and concerns
 - Implementing roasting standards that maximize taste and flavor differences between coffees
 - Publicly ridiculing other coffee manufacturers for poor quality and unethical harvesting procedures
 - Using fair trade certification on qualified coffees

ANS: D PTS: 1 REF: p. 62-63

16. Organizational crises are characterized by all of the following *except*
- a threat to a company's high-priority goals.
 - routine problems occurring in business.
 - being a surprise to a company's membership.
 - the need for swift action.
 - far-reaching events.

ANS: B PTS: 1 REF: p. 66

17. Which of the following statements is *false* concerning how a company should communicate after a crisis?
- Crisis events are often chaotic, so management may begin the crisis response with a degree of ambiguity.
 - If a company is slow to respond, stakeholders may feel as though the company does not care about their needs or is not remorseful about the crisis.
 - It is better to wait until the company has a complete understanding of the crisis so that stakeholders will not be led astray by partial information.
 - The company should communicate how it plans to resolve the crisis.
 - The communication after a crisis is usually not handled in a completely effective or ineffective manner.

ANS: C PTS: 1 REF: p. 67-68

18. When Hormel Foods implemented an Internet-based procurement system, Hormel's relationships with its suppliers were affected in all of the following ways *except*
- through tangible investments such as equipment, tools, and software.
 - by making Hormel's suppliers more attractive to other food companies, which would increase the prices the suppliers could charge.
 - through intangible investments such as time, effort, and trust.
 - by increased dependency on Hormel's business in order to justify the cost outlays.
 - through the suppliers' evaluation to ensure that Hormel was worth the investment.

ANS: B PTS: 1 REF: p. 69

19. What asset resides in relationships, and is characterized by mutual goals and trust, and smoothes internal and external transactions and processes?
- Financial capital
 - Intellectual capital
 - Interpersonal capital
 - Social capital
 - Relationship capital

ANS: D PTS: 1 REF: p. 70

20. A company committed to implementing the stakeholder perspective in its social responsibility strategy begins by
- assessing corporate culture and identifying stakeholder groups.
 - developing crisis management plans.
 - identifying the resources of various stakeholders.
 - conducting a social audit.
 - measuring social capital.

ANS: A PTS: 1 REF: p. 70

21. When a company is denying responsibility and doing less than is required with a particular stakeholder, it is engaged in a(n) ____ strategy.
- accommodative
 - defensive
 - reactive
 - inactive
 - proactive

ANS: C PTS: 1 REF: p. 75

22. The Reactive-Defensive-Accommodative-Proactive Scale is *best* described by which of the following?
- A scale that determines the motivations businesses have for implementing social responsibility programs
 - A scale that is used to rate a company's overall efforts at developing and maintaining good relationships with its employees and suppliers
 - Another name for a social responsibility audit
 - A method for assessing a company's strategy and performance with one particular stakeholder
 - A technique for firms to use in developing public relations strategies

ANS: D PTS: 1 REF: p. 75

ESSAY

23. Describe the purpose of the stakeholder interaction model. Sketch a diagram of the model and briefly explain the types and direction of those relationships that exist.

ANS:
Answers will vary.

PTS: 1 REF: p. 53-55

24. Describe the differences between primary and secondary stakeholders.

ANS:

Answers will vary.

PTS: 1 REF: p. 51

25. Name the three attributes of stakeholders, and explain how these attributes may affect the development of a relationship between a stakeholder and a company.

ANS:

Answers will vary.

PTS: 1 REF: p. 56-59

26. What is reputation management? Describe the four components of the reputation management process, and explain how these components work together.

ANS:

Answers will vary.

PTS: 1 REF: p. 60-62

27. Define ethical misconduct disaster (EMD). Provide two examples of ethical misconduct disasters that have occurred in business over the past several years.

ANS:

Answers will vary.

PTS: 1 REF: p. 65-66

28. What is crisis management? Describe the four stages of the crisis management process and possible conditions, strategies, and tactics that an organization may experience or consider at each stage.

ANS:

Answers will vary.

PTS: 1 REF: p. 66-67

29. List and describe the six steps involved in implementing a stakeholder perspective into a company's social responsibility strategy.

ANS:

Answers will vary.

PTS: 1 REF: p. 70-73

30. Name five stakeholder issues and how these could be measured to assess corporate impact and success.

ANS:

Answers will vary.

PTS: 1

REF: p. 52