

TEST BANK



BUSINESS fourteenth edition
and **SOCIETY**

STAKEHOLDERS, ETHICS, PUBLIC POLICY

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True/False

1. A public issue exists when there is agreement between the stakeholders' expectations of what a business firm should do and the actual performance of that business firm.

Answer: False

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

Answer: True

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3. Understanding and responding to changing societal expectations is a business necessity. Answer: True

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

Answer: False

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

Answer: False

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

Answer: True

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

Answer: True

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

Answer: False

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

Answer: False

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

Answer: True

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11. In the issue management process, identifying the issue involves anticipating emerging issues.

Answer: True

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

Answer: False

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

Answer: True

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

Answer: False

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

Answer: True

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Multiple Choice

16. Public issues are also sometimes referred to as:

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

Answer: C

Difficulty: Easy

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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.

Answer: A

Difficulty: Easy

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

- A. Causes a company's profits to increase in the short run.
- B. Causes a 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.

Answer: C

Difficulty: Medium

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19. Issue ripeness refers to:

- A. The number stakeholders involved in the public issue.
- B. When society's expectations are high and the issue is highly relevant to business.
- C. How long the issue has been a problem for business, the longer the more ripe.
- D. The importance given to the issue by the media and how much coverage it receives.

Answer: B

Difficulty: Medium

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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.

Answer: A

Difficulty: Hard

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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.

Answer: A

Difficulty: Medium

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

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

Answer: A

Difficulty: Medium

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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.

Answer: D

Difficulty: Easy

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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.

Answer: C

Difficulty: Medium

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25. 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.

Answer: B

Difficulty: Medium

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26. Because of the risks and opportunities public issues present, organizations 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.

Answer: C

Difficulty: Hard

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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.

Answer: C

Difficulty: Hard

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28. The issue management process has how many stages?

- A. Three.
- B. Four.
- C. Five.
- D. Six.

Answer: C

Difficulty: Easy

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29. The components of a typical issues management process include:

- A. Identify issue.
- B. Generate options.
- C. Take action.
- D. All of the above.

Answer: D

Difficulty: Easy

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

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

Answer: B

Difficulty: Hard

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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.

Answer: A

Difficulty: Hard

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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.

Answer: B

Difficulty: Easy

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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.

Answer: D

Difficulty: Medium

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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 interactive, forward thinking process.

Answer: D

Difficulty: Medium

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35. A leadership role in addressing emerging management issues is often taken by:

- A. The public affairs department.
- B. The government relations department.
- C. The department of sustainability or environmental, health and safety.
- D. All of the above.

Answer: D

Difficulty: Easy

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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.

Answer: C

Difficulty: Medium

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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.

Answer: B

Difficulty: Medium

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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.

Answer: D

Difficulty: Medium

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39. Firms that generally act only when forced to do so, and then in a defensive manner are:

- A. Interactive companies.
- B. Proactive companies.
- C. Reactive companies.
- D. Inactive companies.

Answer: C

Difficulty: Hard

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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.

Answer: A

Difficulty: Medium

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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.

Answer: C

Difficulty: Medium

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

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

Answer: B

Difficulty: Medium

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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.

Answer: C

Difficulty: Medium

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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.

Answer: D

Difficulty: Hard

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

- A. Stakeholder networks.
- B. Stakeholder motivation.

C. Stakeholder systems.

D. Stakeholder salience.

Answer: A

Difficulty: Hard

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Short Answer Questions

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

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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.

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

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

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

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

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