Business Ethics 12th edition Ferrell Test Bank

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1. Those who have a claim in some aspect of a firm's products, operations, markets, industry, and outcomes are known as

a. shareholders.
b. stockholders.
c. stakeholders.
d. claimholders.
e. special-interest groups.

ANSWER:	c
POINTS:	1
DIFFICULTY:	Easy
REFERENCES:	p. 30
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO: 2-1 - Identify stakeholders' roles in business ethics.
NATIONAL STANDARDS:	United States - BUSPROG: Ethics
STATE STANDARDS:	United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS:	Blooms: Knowledge
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2. Stakeholders' power over businesses stems from their

a. ability to withdraw or withhold resources.
b. ability to generate profits.
c. media impact.
d. political influence.
e. stock ownership.

ANSWER:	a
POINTS:	1
DIFFICULTY:	Moderate
REFERENCES:	p. 32
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO: 2-1 - Identify stakeholders' roles in business ethics.
NATIONAL STANDARDS:	United States - BUSPROG: Ethics
STATE STANDARDS:	United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
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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

ANSWER:	b
POINTS:	1
DIFFICULTY:	Easy
REFERENCES:	p. 32
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO: 2-1 - Identify stakeholders' roles in business ethics.
NATIONAL STANDARDS:	United States - BUSPROG: Ethics
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4. A firm that makes use of a _____ recognizes other stakeholders beyond investors, employees, and suppliers, and explicitly acknowledges the two-way dialog that exists between a firm's internal and external environments.

    a. stakeholder model of socially responsible corporate governance
    b. stakeholder bias
    c. code of ethics
    d. stakeholder interaction model
    e. corporate interface model

ANSWER:	d
POINTS:	1
DIFFICULTY:	Moderate
REFERENCES:	p. 32
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO: 2-1 - Identify stakeholders' roles in business ethics.
NATIONAL STANDARDS:	United States - BUSPROG: Ethics
STATE STANDARDS:	United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS:	Blooms: Comprehension
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5. The degree to which a firm understands and addresses stakeholder demands can be referred to as

    a. a stakeholder orientation.
    b. a shareholder orientation.
    c. the stakeholder interaction model.
    d. a two-way street.
    e. a continuum.

ANSWER:	a
POINTS:	1
DIFFICULTY:	Easy
REFERENCES:	p. 33
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False

LEARNING OBJECTIVES: LO: 2-1 - Identify stakeholders' roles in business ethics.
NATIONAL STANDARDS: United States - BUSPROG: Ethics
STATE STANDARDS: United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
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6. Which of the following industries tends to generate a *high* level of trust from consumers and stakeholders?
   a. Insurance
   b. Technology
   c. Banks
   d. Mortgage lenders
   e. Financial services

ANSWER: b
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: p. 31
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: LO: 2-1 - Identify stakeholders' roles in business ethics.
NATIONAL STANDARDS: United States - BUSPROG: Ethics
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7. Why is it important for businesses to recognize secondary stakeholder groups?
   a. They are absolutely necessary for the firm's survival.
   b. They include the employees necessary for the firm's success.
   c. They usually have more power than primary stakeholders.
   d. They provide vital resources that companies need.
   e. They have legitimacy and can exert power.

ANSWER: e
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p. 32
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: LO: 2-1 - Identify stakeholders' roles in business ethics.
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8. A stakeholder group that is absolutely necessary for a firm’s survival is defined as

a. direct.
b. tertiary.
c. secondary.
d. special-interest.
e. primary.

ANSWER:	e
POINTS:	1
DIFFICULTY:	Easy
REFERENCES:	p. 32
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
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9. When unethical acts are discovered in a firm, in most instances

a. they are caused by unwilling participants.
b. the cause is due to external stakeholders.
c. the perpetrators are caught and prosecuted.
d. there was knowing cooperation or complicity from within the company.
e. the cause is a corrupt board of directors.

ANSWER:	d
POINTS:	1
DIFFICULTY:	Easy
REFERENCES:	p. 30
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO: 2-1 - Identify stakeholders' roles in business ethics.
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10. The normative approach ______________________.

a. focuses on the actual behavior of the firm and usually addresses how decisions and strategies are made for stakeholder relationships
b. describes what happens if firms behave in a particular way
c. is the degree to which a firm understands and addresses stakeholder demands
d. describes reciprocal relationships between the firm and a host of stakeholders
e. identifies guidelines that dictate how firms should treat stakeholders

ANSWER:	e
POINTS:	1
DIFFICULTY:	Moderate
REFERENCES:	p. 31
QUESTION TYPE:	Multiple Choice
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LEARNING OBJECTIVES:	LO: 2-1 - Identify stakeholders' roles in business ethics.
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11. A stakeholder orientation can be viewed as a(n)

    a. necessity for business success.
    b. continuum.
    c. polarizing concept.
    d. good marketing ploy.
    e. expensive proposition.

ANSWER:	b
POINTS:	1
DIFFICULTY:	Moderate
REFERENCES:	p. 36
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO: 2-1 - Identify stakeholders' roles in business ethics.
NATIONAL STANDARDS:	United States - BUSPROG: Ethics
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12. Shareholders provide resources to an organization that are critical to long-term success. Which of the following does the book suggest that suppliers offer?

    a. The promise of customer loyalty
    b. Material resources and/or intangible knowledge
    c. Infrastructure
    d. Revenue
    e. Leadership skills

ANSWER:	b
POINTS:	1
DIFFICULTY:	Easy
REFERENCES:	p. 32
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False

LEARNING OBJECTIVES: LO: 2-1 - Identify stakeholders' roles in business ethics.
NATIONAL STANDARDS: United States - BUSPROG: Ethics
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KEYWORDS: Blooms: Knowledge
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13. Which of the following describes the four levels of social responsibility?
  a. Economic, social, legal, and voluntary
  b. Economic, legal, environmental, and ethical
  c. Financial, legal, environmental, and philanthropic
  d. Economic, financial, legal, and ethical
  e. Economic, legal, ethical, and philanthropic

ANSWER: e
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p. 36
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: LO: 2-2 - Define social responsibility.
NATIONAL STANDARDS: United States - BUSPROG: Ethics
STATE STANDARDS: United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS: Blooms: Knowledge
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14. The first of the three activities that are associated with the stakeholder orientation is the
  a. organization-wide generation of data.
  b. organization's responsiveness to intelligence.
  c. set of consumer attributes identified.
  d. organizational strategy of target markets.
  e. human relations department's set of priorities.

ANSWER: a
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p. 33
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: LO: 2-1 - Identify stakeholders' roles in business ethics.
NATIONAL STANDARDS: United States - BUSPROG: Ethics
STATE STANDARDS: United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS: Blooms: Knowledge
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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
e. Employees

ANSWER:	b
POINTS:	1
DIFFICULTY:	Easy
REFERENCES:	p. 34, Table 2-1
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO: 2-1 - Identify stakeholders' roles in business ethics.
NATIONAL STANDARDS:	United States - BUSPROG: Ethics
STATE STANDARDS:	United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS:	Blooms: Knowledge
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16. Minimizing the use of energy and reducing emissions and waste are issues of importance to which stakeholder?

a. Environmental groups
b. Suppliers
c. Employees
d. Industry leaders
e. Investors

ANSWER:	a
POINTS:	1
DIFFICULTY:	Easy
REFERENCES:	p. 34, Table 2-1
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO: 2-1 - Identify stakeholders' roles in business ethics.
NATIONAL STANDARDS:	United States - BUSPROG: Ethics
STATE STANDARDS:	United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS:	Blooms: Knowledge
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17. The idea that the mission of business is to produce goods and services at a profit, thus maximizing its contribution to society is associated with

a. Adam Smith.
b. Archie Carroll.
c. Jack Ma.
d. Noel Biderman
e. Milton Friedman.

ANSWER: e
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p. 40
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: LO: 2-3 - Examine the relationship between stakeholder orientation and social responsibility.
NATIONAL STANDARDS: United States - BUSPROG: Ethics
STATE STANDARDS: United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS: Blooms: Knowledge
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18. The originator of the idea of the *invisible hand*, which is a fundamental concept in free market capitalism, was
   a. Adam Smith.
   b. Archie Carroll.
   c. Jack Ma.
   d. Noel Biderman.
   e. Milton Friedman.

ANSWER: a
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p. 40
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: LO: 2-3 - Examine the relationship between stakeholder orientation and social responsibility.
NATIONAL STANDARDS: United States - BUSPROG: Ethics
STATE STANDARDS: United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS: Blooms: Knowledge
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19. Some economists believe that if companies address economic and legal issues, they are satisfying the demands of society, and that trying to anticipate and meet additional needs would be almost impossible. Which economist’s theory are they following most closely with this belief?
   a. Adam Smith.
   b. Archie Carroll.
   c. Jack Ma.
   d. Noel Biderman.
   e. Milton Friedman.

ANSWER: e
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: p. 40
QUESTION TYPE: Multiple Choice

HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO: 2-3 - Examine the relationship between stakeholder orientation and social responsibility.
NATIONAL STANDARDS:	United States - BUSPROG: Ethics
STATE STANDARDS:	United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
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20. ________________ is the idea that because people live in a community, social rules should benefit the community.

a. The stakeholder interaction model
b. Consumer protection
c. The common good
d. Sustainability
e. Corporate governance

ANSWER:	c
POINTS:	1
DIFFICULTY:	Moderate
REFERENCES:	p. 38
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO: 2-2 - Define social responsibility.
NATIONAL STANDARDS:	United States - BUSPROG: Ethics
STATE STANDARDS:	United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS:	Blooms: Knowledge
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21. The term used to express how a firm meets its stakeholder expectations of its economic, legal, ethical, and philanthropic responsibilities is

a. reputation.
b. corporate citizenship.
c. corporate ethical audit.
d. ethical citizenship.
e. fiduciary duties.

ANSWER:	b
POINTS:	1
DIFFICULTY:	Easy
REFERENCES:	p. 37
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO: 2-2 - Define social responsibility.
NATIONAL STANDARDS:	United States - BUSPROG: Ethics
STATE STANDARDS:	United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS:	Blooms: Knowledge
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22. In corporate governance, _____ is the process of auditing and improving organizational decisions and actions.
    a. profit
    b. loyalty
    c. accountability
    d. control
    e. diligence

ANSWER: d
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p. 43
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: LO: 2-5 - Explore the role of corporate governance in structuring ethics and social responsibility in business.
NATIONAL STANDARDS: United States - BUSPROG: Ethics
STATE STANDARDS: United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS: Blooms: Knowledge
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23. Accountability, oversight, and control all fall under the definition and implementation of corporate
    a. profit.
    b. loyalty.
    c. care.
    d. governance.
    e. diligence.

ANSWER: d
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p. 43
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: LO: 2-5 - Explore the role of corporate governance in structuring ethics and social responsibility in business.
NATIONAL STANDARDS: United States - BUSPROG: Ethics
STATE STANDARDS: United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
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24. Major corporate governance issues normally involve _____ decisions. (Choose the response that is *most* correct)
    a. strategic-level
    b. tactical-level
    c. divisional-level

d. marketing-level
e. accounting-level

ANSWER: a
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: p. 44
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: LO: 2-5 - Explore the role of corporate governance in structuring ethics and social responsibility in business.
NATIONAL STANDARDS: United States - BUSPROG: Ethics
STATE STANDARDS: United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
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25. Which of the following is a major ethical concern among corporate boards of directors?
a. Compensation
b. The non-traditional directorship approach
c. Dividend reporting
d. Secondary stakeholders
e. Debt swaps

ANSWER: a
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p. 42
p. 46-48
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: LO: 2-5 - Explore the role of corporate governance in structuring ethics and social responsibility in business.
NATIONAL STANDARDS: United States - BUSPROG: Ethics
STATE STANDARDS: United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS: Blooms: Knowledge
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26. The purpose of a stakeholder orientation is to
a. emphasize shareholders and provide them with a return on their investment.
b. maximize positive outcomes that meet stakeholder needs.
c. enhance the profitability of the firm.
d. determine which stakeholders to address and which to ignore.
e. allow stakeholders to determine the limits of executive compensation.

ANSWER: b
POINTS: 1
DIFFICULTY: Moderate

REFERENCES:	p. 41
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO: 2-3 - Examine the relationship between stakeholder orientation and social responsibility.
NATIONAL STANDARDS:	United States - BUSPROG: Ethics
STATE STANDARDS:	United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
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27. 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 government feedback
e. Assessing organizational commitment to social responsibility groups

ANSWER:	d
POINTS:	1
DIFFICULTY:	Moderate
REFERENCES:	p. 48-50
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO: 2-6 - List the steps involved in implementing a stakeholder perspective in social responsibility and business ethics.
NATIONAL STANDARDS:	United States - BUSPROG: Ethics
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28. What are the four levels of social responsibility?

a. Financial, religious, ethical, and philanthropic
b. Ethical, philanthropic, selfish, and short-sighted
c. Economic, long-term, ethical, and philanthropic.
d. Economic, legal, ethical, and philanthropic
e. Economic, compliance, legal, and philanthropic

ANSWER:	d
POINTS:	1
DIFFICULTY:	Easy
REFERENCES:	p. 36, Figure 2-3
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO: 2-2 - Define social responsibility.
NATIONAL STANDARDS:	United States - BUSPROG: Ethics
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29. The _____ model is founded in classic economic precepts.
   a. economic
   b. shareholder
   c. stakeholder
   d. board
   e. ISO

ANSWER:	b
POINTS:	1
DIFFICULTY:	Easy
REFERENCES:	p. 44
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO: 2-5 - Explore the role of corporate governance in structuring ethics and social responsibility in business.
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30. Which of the following are *not* typically secondary stakeholders?
   a. Television news anchors
   b. Special-interest groups
   c. Customers
   d. Trade associations
   e. Journalists

ANSWER:	c
POINTS:	1
DIFFICULTY:	Easy
REFERENCES:	p. 32, Figure 2-2
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO: 2-1 - Identify stakeholders' roles in business ethics.
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31. Which of the following are *not* typically primary stakeholders?
   a. Customers
   b. Trade associations

c. Employees
d. Shareholders
e. Suppliers

ANSWER:	b
POINTS:	1
DIFFICULTY:	Easy
REFERENCES:	p. 32, Figure 2-2
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO: 2-1 - Identify stakeholders' roles in business ethics.
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32. Why do critics argue that high compensation for boards of directors is a bad thing?
a. It is too expensive for the organization.
b. It could cause conflicts of interest between the directors and the organization.
c. It is not fair to poorly compensated employees.
d. High pay will render the board less complacent.
e. Board of director compensation is negatively related to corporate growth.

ANSWER:	b
POINTS:	1
DIFFICULTY:	Easy
REFERENCES:	p. 46
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO: 2-5 - Explore the role of corporate governance in structuring ethics and social responsibility in business.
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33. Board members being linked to more than one company is an example of
a. the stakeholder concept.
b. the stakeholder model of corporate governance.
c. interlocking directorate.
d. conflict of interest.
e. multiple directorate.

ANSWER:	c
POINTS:	1
DIFFICULTY:	Moderate

REFERENCES: p. 46
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: LO: 2-5 - Explore the role of corporate governance in structuring ethics and social responsibility in business.
NATIONAL STANDARDS: United States - BUSPROG: Ethics
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KEYWORDS: Blooms: Comprehension
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34. What is the first step in implementing a stakeholder perspective in an organization?
   a. Identifying resources and determining urgency
   b. Identifying stakeholder groups
   c. Identifying stakeholder issues
   d. Assessing the corporate culture
   e. Assessing organizational commitment to social responsibility

ANSWER: d
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p. 48-50
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: LO: 2-6 - List the steps involved in implementing a stakeholder perspective in social responsibility and business ethics.
NATIONAL STANDARDS: United States - BUSPROG: Ethics
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35. A stakeholder orientation is not complete unless it includes
   a. clear accounting procedures.
   b. major financing activities.
   c. marketing strategy.
   d. feedback from special-interest groups.
   e. activities that actually address stakeholder issues.

ANSWER: e
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p. 35
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: LO: 2-1 - Identify stakeholders' roles in business ethics.
NATIONAL STANDARDS: United States - BUSPROG: Ethics

STATE STANDARDS:	United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS:	Blooms: Knowledge
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36. Compare and contrast the stakeholder and shareholder models of corporate governance.

ANSWER:	The shareholder model of corporate governance is founded on classic economic precepts, including the goal of maximizing wealth for investors and owners. The stakeholder model of corporate governance adopts a broader view of the purpose of business and answers to all stakeholders.
POINTS:	1
DIFFICULTY:	Easy
REFERENCES:	p. 45
QUESTION TYPE:	Essay
HAS VARIABLES:	False
STUDENT ENTRY MODE:	Basic
LEARNING OBJECTIVES:	LO: 2-5 - Explore the role of corporate governance in structuring ethics and social responsibility in business.
NATIONAL STANDARDS:	United States - BUSPROG: Ethics
STATE STANDARDS:	United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS:	Blooms: Knowledge
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37. Why is ethical misconduct more difficult to overcome than poor financial performance?

ANSWER:	Lost finances can be regained but loss of reputation and shareholder confidence could be deadly.
POINTS:	1
DIFFICULTY:	Easy
REFERENCES:	p. 31
QUESTION TYPE:	Essay
HAS VARIABLES:	False
STUDENT ENTRY MODE:	Basic
LEARNING OBJECTIVES:	LO: 2-2 - Define social responsibility.
NATIONAL STANDARDS:	United States - BUSPROG: Ethics
STATE STANDARDS:	United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS:	Blooms: Comprehension
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38. Discuss the difference between primary and secondary stakeholders in the stakeholder interaction model and give examples for each type.

ANSWER:	The stakeholder interaction model acknowledges there are reciprocal relationships between the company and several primary and secondary stakeholders. The model also acknowledges the dialogue between the company's internal and external environments. Primary stockholders are essential to the company's survival and include employees, shareholders, suppliers, community, government regulatory agencies, and customers. Secondary stakeholders are not essential to the company's survival and include special interest groups,

the mass media, competitors, and trade associations.

POINTS:	1
DIFFICULTY:	Moderate
REFERENCES:	p. 32-33, figure 2-2
QUESTION TYPE:	Essay
HAS VARIABLES:	False
STUDENT ENTRY MODE:	Basic
LEARNING OBJECTIVES:	LO: 2-1 - Identify stakeholders' roles in business ethics.
NATIONAL STANDARDS:	United States - BUSPROG: Ethics
STATE STANDARDS:	United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS:	Blooms: Comprehension
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39. Why do some businesspeople and scholars question whether ethics should have a role in business?

ANSWER:	Many business people and scholars question the role of ethics and social responsibility in business. Legal and economic responsibilities are generally accepted as the most important determinants of performance. "If this is well done," say classic economic theorists, "profits are maximized more or less continuously and firms carry out their major responsibilities to society."
POINTS:	1
DIFFICULTY:	Easy
REFERENCES:	p. 40
QUESTION TYPE:	Essay
HAS VARIABLES:	False
STUDENT ENTRY MODE:	Basic
LEARNING OBJECTIVES:	LO: 2-3 - Examine the relationship between stakeholder orientation and social responsibility.
STATE STANDARDS:	United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS:	Blooms: Comprehension
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40. Discuss three corporate governance issues, why they are defined as issues, and how you would solve them. Use examples in your answer.

ANSWER:	Students could choose from any of several topics listed in the text and in Table 2-4 Corporate Governance Topics on page 43. Most students will choose executive compensation as one topic since it was discussed frequently in the text. Compensation is an issue because most people believe executives are not worth millions of dollars in annual salary and bonuses. Students may site JP Morgan's policy limiting executive pay to 20 times the pay of any other employee. There are several other issues including board composition, financial oversight, and shareholder rights.
POINTS:	1
DIFFICULTY:	Moderate
REFERENCES:	p. 43, Table 2-4 p. 47 - 48 p. 42
QUESTION TYPE:	Essay
HAS VARIABLES:	False

STUDENT ENTRY MODE: Basic
LEARNING OBJECTIVES: LO: 2-5 - Explore the role of corporate governance in structuring ethics and social responsibility in business.
NATIONAL STANDARDS: United States - BUSPROG: Ethics
STATE STANDARDS: United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS: Blooms: Comprehension
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41. A broader view of social responsibility
    a. views customers as the most important stakeholder.
    b. takes into account a shareholder orientation.
    c. prioritizes all stakeholders the same way.
    d. considers the long-term welfare of society.
    e. emphasizes adherence to law as the highest priority.

ANSWER: d
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p. 38
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: LO: 2-4 - Delineate a stakeholder orientation in creating corporate social responsibility.
NATIONAL STANDARDS: United States - BUSPROG: Ethics
STATE STANDARDS: United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS: Blooms: Knowledge
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42. Which of the following is one of an organization's greatest intangible assets with tangible values?
    a. Reputation
    b. Profitability
    c. Philanthropic activities
    d. Corporate governance
    e. Shareholder value

ANSWER: a
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p. 37
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: LO: 2-2 - Define social responsibility.
NATIONAL STANDARDS: United States - BUSPROG: Ethics
STATE STANDARDS: United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
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43. In *Dodge vs. Ford Motor Co.*, the court ruled that a business exists for the profit of shareholders, and the board of directors should focus on that objective.

a. True

b. False

ANSWER:	True
POINTS:	1
DIFFICULTY:	Moderate
REFERENCES:	p. 41
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO: 2-5 - Explore the role of corporate governance in structuring ethics and social responsibility in business.
NATIONAL STANDARDS:	United States - BUSPROG: Ethics
STATE STANDARDS:	United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS:	Blooms: Knowledge
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44. The final step in implementing a stakeholder perspective is identifying stakeholders.

a. True

b. False

ANSWER:	False
POINTS:	1
DIFFICULTY:	Moderate
REFERENCES:	p. 48-50
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO: 2-6 - List the steps involved in implementing a stakeholder perspective in social responsibility and business ethics.
NATIONAL STANDARDS:	United States - BUSPROG: Ethics
STATE STANDARDS:	United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS:	Blooms: Knowledge
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45. Social responsibility rests on a stakeholder orientation.

a. True

b. False

ANSWER:	True
POINTS:	1
DIFFICULTY:	Easy
REFERENCES:	p. 38
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO: 2-4 - Delineate a stakeholder orientation in creating corporate social responsibility.
NATIONAL STANDARDS:	United States - BUSPROG: Ethics

STATE STANDARDS: United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS: Blooms: Knowledge
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46. *Ethics* and *social responsibility* can be used interchangeably.

a. True
b. False

ANSWER: False
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p. 36
QUESTION TYPE: True / False
HAS VARIABLES: False
LEARNING OBJECTIVES: LO: 2-2 - Define social responsibility.
NATIONAL STANDARDS: United States - BUSPROG: Ethics
STATE STANDARDS: United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS: Blooms: Knowledge
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47. Government regulators are a secondary stakeholder.

a. True
b. False

ANSWER: False
POINTS: 1
DIFFICULTY: Easy
REFERENCES: Figure 2-2, p. 35
QUESTION TYPE: True / False
HAS VARIABLES: False
LEARNING OBJECTIVES: LO: 2-1 - Identify stakeholders' roles in business ethics.
NATIONAL STANDARDS: United States - BUSPROG: Ethics
STATE STANDARDS: United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS: Blooms: Knowledge
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48. The board of directors' fiduciary duty to a company means they have assumed a position of trust and confidence that entails certain responsibilities.

a. True
b. False

ANSWER: True
POINTS: 1
DIFFICULTY: Easy
REFERENCES: p. 18

QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO: 2-5 - Explore the role of corporate governance in structuring ethics and social responsibility in business.
NATIONAL STANDARDS:	United States - BUSPROG: Ethics
STATE STANDARDS:	United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS:	Blooms: Knowledge
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49. Directors share a ______, which means all their decisions should be in the best interests of the corporation and its stakeholders.

a. duty of loyalty

b. duty of oversight

c. duty to audit

d. duty of control

e. duty of cooperation

ANSWER:	a
POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO: 2-5 - Explore the role of corporate governance in structuring ethics and social responsibility in business.
NATIONAL STANDARDS:	United States - BUSPROG: Ethics
STATE STANDARDS:	United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS:	Blooms: Knowledge
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50. Both directors and officers of corporations are fiduciaries for the shareholders. Fiduciaries are persons placed in positions of trust that act on behalf of the best interests of the organization. This is defined as

a. duty of oversight and loyalty.

b. duty of care or a duty of diligence

c. duty of control and audit.

d. duty of confidence and leadership.

e. duty of analysis and insight.

ANSWER:	b
POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO: 2-5 - Explore the role of corporate governance in structuring ethics and social responsibility in business.
NATIONAL STANDARDS:	United States - BUSPROG: Ethics
STATE STANDARDS:	United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities

KEYWORDS:	Bloom’s: Knowledge
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