

Student name: _____

TRUE/FALSE - Write 'T' if the statement is true and 'F' if the statement is false.

A business is any organization that is engaged in making a product or providing a service for a profit.

true

false

The term *stakeholder* refers exclusively to the founders of a business organization.

true

false

Businesses and society are independent of each other.

true

false

The stakeholder theory of the firm argues that a firm's sole purpose is to create long-term value for its shareholders.

true

false

The instrumental argument for the stakeholder theory of the firm says that companies perform better if they consider the rights and concerns of multiple groups in society.

true

false

The normative argument for the stakeholder theory of the firm says that the stakeholder view is simply a more realistic description of how companies really work.

true

false

Nonmarket stakeholders are those that engage in economic transactions with the company as it carries out its primary purpose of providing society with goods and services.

true

false

Market stakeholders include nongovernmental organizations and business support groups.

true

false

Government can be considered both a market and a nonmarket stakeholder.

true

false

The interests of different stakeholders often coincide.

true

false

The first step of stakeholder analysis is to identify relevant stakeholders.

true

false

Some scholars have suggested that managers pay the most attention to stakeholders possessing the least salience.

true

false

The organization of a corporation's boundary-spanning functions is complex.

true

false

Businesses are increasingly trying to meet their commitments to multiple stakeholders.

true

false

The external environment of business is static.

true

false

MULTIPLE CHOICE - Choose the one alternative that best completes the statement or answers the question.

The relationship between business and society is most accurately described by which statement?

Business is an unbounded entity within the larger bounded entity of society.

Society is a distinct bounded entity within the larger bounded entity of business.

Business is a distinct bounded entity separate from the bounded entity of society.

Business is a distinct bounded entity within the larger bounded entity of society.

According to general systems theory, boundary exchanges are exemplified by which of the following?

An industrial company installs new equipment in its plant to comply with environmental regulations.

A software company develops an application for a client.

A purchasing department employee negotiates a price on parts with a supplier.

All of these choices are correct.

The inseparable relationship between business and society results in which of the following?

All business decisions have a social impact.

The vitality of business depends on society's actions and attitudes.

The survival of business is independent of society.

Both “All business decisions have a social impact” and “The vitality of business depends on society’s actions and attitudes” are correct.

Which of the following statements is not true about the interactive social system?

Business and society need, as well as influence, each other.

The boundary between business and society is clear and distinct.

Business is a part of society, and society penetrates far and often into business.

Business and society are both separate and connected.

A firm subscribing to the shareholder theory of the firm would mainly be concerned with providing long-term value for its

investors.

customers.

board of Directors.

community.

Corporations that follow the stakeholder theory of the firm create value by

constantly innovating new products.

increasing their stock price.

developing their employees’ skills.

All of these choices are correct.

Which argument says that stakeholder management realistically depicts how companies really work?

descriptive argument

instrumental argument

normative argument

fiduciary argument

The instrumental argument states that stakeholder management is
a more realistic description of how companies really work.
more effective as a corporate strategy.
simply the right thing to do.
determined by the amount of stock issued.

In the United States, most states have passed laws such that the fiduciary duty of managers
benefits a firm's
shareholders.
customers.
employees.
All of these choices are correct.

The main reason a number of European countries require public companies to include employee
members on their boards of directors is that
the employees will be available to answer other board members' questions.
management will not have to attend the meetings.
employees' interests will be explicitly represented.
employees will have more power than any other stakeholder.

Stakeholder groups can include
shareholders.
business support groups.
environmental activists.
All of these choices are correct.

A nonmarket stakeholder of business is exemplified by which of the following?

customers

nongovernmental organizations

creditors

shareholders

A market stakeholder of business is exemplified by which of the following?

business support groups

creditors

activist groups

nongovernmental organizations

All of the following are external stakeholders of the firm *except*

managers.

customers.

shareholders.

suppliers.

When a person or group holds multiple stakeholder roles, it is referred to as

role sets.

primary stakeholder(s).

role theory.

role play.

A stakeholder analysis

creates equality among all stakeholder interests.

allows managers to examine two primary questions.

involves understanding the nature of stakeholder interests.

All of these choices are correct.

The five types of stakeholders' power recognized by most experts are

voting, economic, political, legal, and informational power.

social, legal, environmental, economic, and political power.

social, regulatory, voting, governance, and information power.

economic, informational, legal, shareholder, and political power.

The power of stakeholders is accurately described by which statement(s)?

Different stakeholders have different types and degrees of power.

An individual stakeholder may utilize multiple powers.

Stakeholder power leverages resources to achieve a desired outcome.

All of these choices are correct.

Customers can exercise economic stakeholder power by

voting on a proposed merger for the company and a competitor.

boycotting products they believe are too expensive.

suing the company for damages caused by products.

writing negative online product reviews.

Which statement is an example of stakeholders' political power?

A social group protests a government's decision to raise property taxes.

A supplier halts shipments to a business customer that is behind on payments.

A state government implements a new business-related regulation.

A local community boycotts a grocery store suspected of discriminatory hiring.

When a community group sues a company for health effects caused by the unsafe disposal of toxic chemicals, this is an exercise of a stakeholder's

legal power.

voting power.

economic power.

political power.

Which stakeholder group(s) can exercise legal power?

employees

customers

shareholders

All of these choices are correct.

What actions might a local community use to influence a company's decisions?

publicizing an issue on social media

lobbying government policy makers for regulations

protesting corporate behavior at shareholder meetings

All of these choices are correct.

With the explosive growth of technologies that facilitate the sharing of information, which kind of stakeholder power has become increasingly important?

economic power

political power

informational power

legal power

What is the primary reason that stakeholder coalitions form?

The stakeholder power(s) of different groups coincides.

The communication skills of different groups coincide.

The stakeholder interest(s) of different groups coincides.

The urgency of different stakeholder groups coincides.

When something stands out from a background, is seen as important, or draws attention it is urgent.

salient.

powerful.

legitimate.

Particular stakeholders stand out to managers when they exhibit

integrity, power, and legitimacy.

power, legitimacy, and urgency.

integrity, loyalty, and power.

legitimacy, loyalty, and urgency.

A stakeholder map is a useful tool because

it enables managers to quickly see how stakeholders feel about an issue.

it allows managers to evaluate what outcomes are likely regarding an issue.

it helps managers identify stakeholder coalitions likely to form.

All of these choices are correct.

Departments, or offices, within an organization that reach across the dividing line that separates the company from groups and people in society are

inter-departmental divisions.

geographical location areas.

boundary-spanning departments.

organizational maps.

External forces that influence the relationship between business and society include

increased globalization and new government regulations of business.

dynamic natural environment and new technology advances.

changing societal expectations and a growing demand for ethical values.

All of these choices are correct.

In the case “Tipping Point at Union Square Hospitality Group (USHG),” who were the internal market stakeholders?

customers

investors

employees

governments

In the case “Tipping Point at Union Square Hospitality Group (USHG),” what was the primary reason the company reversed its no-tipping policy?

to reward back-of-house workers who earned lower base pay

to better satisfy the needs of all USHG stakeholders

to avoid penalties from state tip regulation offenses

because the majority of customers "hated" the policy

SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.

Describe how general systems theory can be applied to a business.

Supporters of the stakeholder theory of the firm make three core arguments for their position. Define and provide examples of each.

Compare and contrast the relationships a firm may have with market and nonmarket stakeholders.

Discuss why a manager should, or should not, be considered a stakeholder.

Explain the process called stakeholder analysis. Include a description of its four key questions.

What is a stakeholder map? Why is it a useful tool?

Which of the boundary-spanning departments shown in Figure 1.5 (opens in a new tab) is most likely to interact with internal as well as external stakeholders, and why do you think so?

Describe and give examples of the external forces that shape the relationship between business and society.

Answer Key

Test name: Ch1_Business and Society: Stakeholders, Ethics, Public Policy_17e

TRUE

FALSE

FALSE

FALSE

TRUE

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TRUE

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Short Answer

Answers may vary.

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