

### Business Ethics: Week 10 Solutions

01) In what ways is government a stakeholder of business? Please select all that apply.

- a. As a representative of citizens' interests, government restricts business.
- b. As an actor with interests of its own, government is dependent on business.
- c. As a representative of citizens' interests, government partners with business.
- d. As an actor with interests of its own, government is in competition with business.
- e. All of the above except option c.

Answer=e. **Feedback:** The relationship between government and business is somewhat complicated, and unpicking it requires one to differentiate between the two basic roles of government; namely as representatives of citizens' interests and as an actor with interests of its own. In the former role, government both restricts and enables business; in the latter, it both depends on and competes with business.

02) The notion that the resources of the world have already been divided up, and that corporations, governments, and individuals own them is consistent with which of the following views?

- a. The Status Quo view
- b. The Universal-Ownership view
- c. The Right to Universal Access view
- d. The Imperialistic view
- e. All of these

Answer=a. **Feedback:** The Status Quo view of natural resources is that we must start from where we are. The world is divided into countries, each of which makes territorial claims. Most of these are not challenged by others, even though a few areas and borders are in dispute. Each of the countries has within it a government and an economic order. Ownership means different things in different societies, and claims and rights are treated differently in different countries.

3) Which industry founded the "Global Climate Coalition" in 1989 in order to lobby against governmental regulation to cut back on greenhouse gas emissions?

- a. Food industry
- b. Oil industry

- c. Chemical industry
- d. Banking industry
- e. Automobile industry

Answer=b. **Feedback:** Oil industry is fundamentally implicated in Greenhouse gas emissions through burning of fossil fuels. The industry founded GCC in 1989 to lobby against government regulation to cut-back on greenhouse gas emission. The main goal of GCC was to lobby on the global level for weaker legislation and on the national level to lobby their governments not to sign, ratify or implement the Kyoto Protocol

4) Oberman found following criteria for explaining different modes in which business can influence government:

- a. Breadth of transmission
- b. Content of communication
- c. Avenue of approach to decision-maker
- d. a, b and c
- e. a and c

Answer=d. **Feedback:** Oberman mentioned about all three criteria (Crane and Matten, page no.- 501-502)

5) Lobbying represents a direct, usually private attempt by business actors to influence governmental decision-making through information provision and persuasion. Following are the different forms of lobbying:

- a. Atmosphere setting and monitoring
- b. Advocacy and influencing
- c. Provision of information to policy makers
- d. Application of pressure
- e. All of the above

Answer=e. **Feedback:** All these are different types of lobbying mentioned by McGrath 2002

6) The privatization of water supply and sanitation in which country took place in the form of two major private concessions during 1997-2001?

- a) Ethiopia

- b) Siberia
- c) Bolivia
- d) Geneva
- e) Nigeria

Answer=c. **Feedback:** The privatization of water supply and sanitation in Bolivia took place during the second mandate of Bolivian President Hugo Banzer (1997-2001) in the form of two major private concessions: One in La Paz/El Alto to Aguas del Illimani S.A. (AISA), a subsidiary of the French Suez (formerly Lyonnaise des Eaux) in 1997; and a second one in Cochabamba to Aguas del Tunari, a subsidiary of the multinationals Biwater and Bechtel in 1999.

7) Which of these is/are considered as ethical issue/s in the context of privatization and deregulation?

- a) Privatization profits
- b) Citizens turned consumers
- c) Natural monopolies
- d) Public-private-partnerships
- e) All of the above

Answer=e. **Feedback:** All the above issues are cited by Crane and Matten as ethical issues in context of privatization and deregulation (Page no.- 512-513)

8) Which of the following is/are true about a Westphalian setting?

- a) Monopoly by national government
- b) Addressee of regulation is social actor
- c) Intensity of regulation is decreasing
- d) Option a and b are true b but option c is false
- e) Option a, b and c are true

Answer=e. **Feedback:** Westphalian setting is the traditional national context in which governments of states possessed the monopoly of political power, social actors such as citizens and domestic companies are subject to regulation and intensity of regulation is decreasing at the national level

- 9) Which of the following is/are not true about post Westphalian setting?
- a. Multitude of governmental, civil society and private actors are holder of political power
  - b. Manifestation of political activity is systems of transnational negotiations
  - c. Democratic control of political power is higher
  - d. Intensity of regulation is increasing
  - e. Addressee of regulation are nation states and private transnational actors

Answer=c. **Feedback:** Democratic control of political power is lower in globalized context (post Westphalian setting) because as soon as political actors like CSOs, MNCs etc. act beyond the scope of the nation state, these actors are no longer directly accountable to those over whom they exert their power

- 10) Which of the following is/are true?
- a) Role of state in Westphalian setting is dominant and in post Westphalian setting is dependent
  - b) Role of state in Westphalian setting is dependent and in post Westphalian setting is dominant
  - c) Role of company in Westphalian setting is dependent and post Westphalian setting is dominant
  - d) Role of company in Westphalian setting is dominant and post Westphalian setting is dependent
  - e) Both options a and c

Answer= e. **Feedback:** Companies gain political power through globalisation and national states become addressee of transnational regulations