

Social Context of Business
ADM1301M
Winter 2013
Mid-Term Examination

Instructions (Please read carefully!):

1. Select the most appropriate response to each of the following questions and record your selection on the Scantron sheet provided.
2. Be certain to complete the Scantron sheet providing all pertinent information in the appropriate fields – including your name, student number, and course code (as given above).
3. You must sign the academic attestation below.
4. This examination consists of 100 questions. All questions must be answered.
5. **Time limit is two (2) hours.**
6. No notes, text books, or dictionaries (paper or electronic) are permitted.
7. **You must return this question paper and the Scantron sheet to the proctor.**

Academic Integrity

Integrity is a basic value of our society and of the business world. Academic integrity is also a key value of the Telfer School of Management. To underline its importance, all assignment, report, project, or other work submitted in partial fulfillment of the requirements of a course at the Telfer School of Management must include on its front page the following signed statement (signed by each member of a team in the case of a group assignment or team work):

Statement of Academic Integrity

This work conforms to the rules on academic integrity of the University of Ottawa.

Signature: _____ **Print name:** _____

For more information on what constitutes a breach of academic integrity, please consult the following Web sites: http://www.uottawa.ca/academic/info/regist/crs/home_5_ENG.htm and <http://www.uottawa.ca/plagiarism.df>

Please note that any submission in a course (assignment, report, examination, etc.) that does not include that signed statement will not be corrected and will receive an automatic grade of zero.

1. A free enterprise system sees a strictly limited role for government. ____T ____F
2. Adam Smith argued for a system of capitalism that would see an enhanced role for government. ____T
____F
3. Private enterprise focuses on the profit motive. ____T ____F
4. Integrity refers to the appropriateness of a corporation's behaviour, not to its adherence to moral principles. ____T ____F
5. Private enterprise focuses on the profit motive. ____T ____F
6. A partnership may involve two or more than two individuals sharing the ownership of a business. ____T ____F
7. Legislative safeguards are imposed upon incorporation processes to create and preserve an atmosphere of public confidence, as well as to create protections for investors and creditors. ____T ____F
8. The board of directors is responsible to the manager of the corporation. ____T ____F
9. The teleological approach to ethics is also referred to as a rule-based theory. ____T ____F
10. Julio and Julie are planning to start a business providing holistic, herbal products to consumers. This is an exciting business opportunity which has considerable growth potential. Concerned, however, about assuming a personal level of responsibility for the financial outcome of the enterprise, they decide to structure the business through _____.
A. Proprietorship
B. Partnership
C. Corporation
D. Incorporation
E. Limited liability

11. Francois is a shareholder in VNO Corporation and regularly attends annual shareholder meetings voting on policies that he feels are particularly relevant to the firm's social responsibilities. Francois is _____.
A. A Direct owner
B. An Indirect owner
C. Member of the board of directors
D. Manager
E. Active stakeholder
12. In recruiting professionals to come and work for the firm, JKL Corporation provides incentives to the employees attending interviews. For example, Mary is encouraged to bring her husband, Robert, to the job interview at the company's expense. This is an example of what form of corporate wrong doing?
A. Misleading financial statements
B. Kickbacks
C. Stock manipulation
D. Bid rigging
E. There is no wrong-doing
13. Kim is surprised when doing business in another country that the workers seemed to believe that they have a right to have their jobs. His experience in Canada was always that employees didn't feel they were "owed" their positions. This experience represents the influence of national and ethnic cultures on ethical behaviour. T F
14. "Do onto others as you would have them do unto you." The Golden Rule is reflective of the personal values approach to ethical analysis. T F
15. The Economic efficiency ethic judges moral implications by economic consequences. T F
16. The partnership had reached a point where both Jane and Jack decided to terminate their relationship. Every day at work, all they would do was fight in front of the customers and employees. Jack was so annoyed that he was prepared to walk away and personally saw nothing wrong with that. He knew Jane was prepared to leave him with the debts and just walk away and he thought that he should do it before she did. Because of the debts held by the company, however, he knew that he couldn't just walk away. Jack is influenced by _____ in determining what behaviour is ethical in his particular circumstance.
A. Individual morals
B. The legal system
C. Colleagues or peers
D. All responses are correct
E. None of the answers.

17. The students were frustrated. Every time they asked their professor to give an ethical assessment, she would reply, "it depends." The professor felt that there were no rules or standards to guide behaviour and that every decision depends on the circumstances. The professor is applying _____.
A. Ethical relativism
B. Cultural relativism
C. Individual rights
D. Personal virtues ethic
E. Ethic of caring
18. It isn't enough just to be honest. It is also important that managers and corporations act with compassion. To relocate a factory without considering the harm that would cause to one's community would be unethical. This position supports the _____ principle of ethical analysis.
A. Self-interest
B. Personal virtues
C. Ethics of caring
D. Utilitarian beliefs
E. Economic efficiency
19. Samantha has applied to work at a local movie theatre. She asks to work the night shift, because that is when her boyfriend works. She is told that she cannot work the night shift because she is female. She reminds the employer that discrimination on the basis of sex is illegal. The manager agrees and Samantha is given her choice of shifts. The manager made the decision on the basis of the _____ ethic.
A. Individual Rights
B. Personal virtues
C. Ethics of caring
D. Utilitarian beliefs
E. Justice
20. The University of Michigan awards admission on the basis of a point system. Students are given points for academic performance, community involvement, athleticism etc. The students with the highest point totals are offered admission. The University of Michigan had a policy whereby applicants could be awarded points if they self identified as belonging to particular minority ethnic groups. Supporters of this policy stated that it helped correct the wrongs caused by historic discrimination against minority groups in terms of their opportunities to gain university admission. The U.S. Supreme Court ruling in 2003 struck down the awarding of points on the basis of minority status. The awarding of 'points' to remedy past discrimination is consistent with the _____ justice principle.
A. Procedural
B. Corrective
C. Retributive
D. Distributive
E. None of the answers.
21. Students who cheat on this test will receive an "F." This policy, if enacted at your university, would be consistent with the _____ justice principle.
A. Procedural
B. Corrective
C. Retributive
D. Distributive
E. None of the answers.

22. Civil society is comprised of voluntary, community, and social organizations and institutions not related to or supported by government. ☐ T ☐ F
23. The Canadian Medical Association (CMA) has asked a U.S.-based website that allows patients to post anonymous comments about physicians to remove ones they believe are defamatory. The CMA is an example of which type of institution?
- A. Public interest
 - B. Interest group
 - C. Special interest group**
 - D. Policy development institution
 - E. Professional association
24. The social media does not include:
- A. Blogs
 - B. Wiki websites
 - C. On-line editions of mainstream news outlets**
 - D. Podcasting
 - E. Twitter
25. A television broadcaster was recently threatened with legal action if it broadcast an investigative report critiquing a CEO's decision making regarding environmental issues. The broadcaster decided not to air the program. This is an example of
- A. Libel chill
 - B. Self-censorship**
 - C. Media spin
 - D. Capitulation
 - E. Resistance
26. A local retail store hires employees from the local Society for Community Living, a non-profit dedicated to helping individuals with disabilities integrate into their communities. These employees are highly committed employees and the turnover rate for the store is consequently low enhancing profitability. This exemplifies the economic paradigm of Corporate Social Responsibility. ☐ T ☐ F
27. Corporate philanthropy refers to the giving of financial resources and does not include employees volunteering for local charities. ☐ T ☐ F
28. Corporate volunteerism is the contribution of time to charitable causes with or without the consent of employers. ☐ T ☐ F

29. Social venture philanthropy is the investment of human and financial resources by corporations in non-profit community development agencies to generate a social return. ☒ T ☐ F
30. Community investment focuses on the creation of economic opportunities for business through engagement in traditional areas of philanthropy and volunteerism. ☒ T ☐ F
31. A large manufacturer has received negative publicity related to discriminatory employment practices regarding minorities and their opportunities for promotion. The CEO has ordered the advertising company to develop a campaign that features members of multiple minority groups, many of whom are managers, talking about how supportive the company is. This CSR response is a _____.
A. Social enterprise, non-profit
B. Social enterprise, profit
C. CSR recognition
D. Tokenism
E. amoral
32. Low commitment to CSR is reflected by the _____ response to CSR?
A. Amoral
B. Anti-CSR
C. Greenwashing
D. Capitalist
E. acceptance
33. Judy is at the local cellular phone store. She chooses a phone that guarantees, with her purchase, that the corporation will give a percentage of the profits to charity. The company is engaged in _____.
A. Corporate donation
B. Cause related marketing
C. Social venture
D. Corporate volunteerism
E. Corporate sponsorship
34. Crossing the finish line at the charitable race, Janet noticed that the water bottle she was handed displayed the logo of a local water distributor who had donated the product for the race. The local water distributor is engaged in _____.
A. Corporate donation
B. Corporate sponsorship
C. Strategic giving
D. Corporate volunteerism
E. Cause related marketing
35. All corporations should involve themselves in stakeholder management. ☒ T ☐ F

36. Legitimacy is a generalized perception that the actions of an entity are appropriate within some socially constructed system of norms. ☒ T ☐ F
37. Stakeholder management focuses on managing relationships whereas stakeholder collaboration focuses on building relationships. ☒ T ☐ F
38. Roberta is responsible for the firm's relationship with its suppliers. She is careful to ensure that they receive regular emails regarding product development and that they are invited to company sponsored events. Roberta's role is consistent with which level of Freeman's stakeholder relationship process.
- A. Process
 - B. Rational
 - C. Transactional**
 - D. Stakeholder identification
 - E. None of the answers.
39. Telus Corporation announced in February 2007 that it has no plans to change its policy of supporting the download of pornography to cellular phones. Parents are opposed to this policy and are considered, by the company to be very important stakeholders. They are also likely to form coalitions to gain further power. Parents are _____ stakeholders and a(n) _____ strategy is appropriate.
- A. Antagonistic, avoidance
 - B. Problematic, defensive
 - C. Antagonistic, defensive**
 - D. Problematic, avoidance
 - E. None of the answers.
40. There are three attributes in the stakeholder typology, power, legitimacy and urgency. If a stakeholder possesses all three attributes they are called a _____ stakeholder.
- A. Dangerous
 - B. Definitive**
 - C. Dominant
 - D. Dependent
 - E. Discretionary
41. An oil company has just announced its intentions for a new drill site. Immediately, a known activists group mobilizes, barricades all access to the new drill cite and directs media attention to the environmental concern. This group has a negative public image for getting involved in issues without due diligence in their research. This activist group would be considered a _____ stakeholder.
- A. Dangerous**
 - B. Demanding
 - C. Dependent
 - D. Discretionary
 - E. Dominant

42. A proactive oil company holds a monthly town meeting to address the concerns of the community where the oil company has a drill site. At the town meeting the company shares their current events with the community and listens to their concerns. The oil company has discovered that many ideas are generated from these meetings and values the input. It has increased understanding, cooperation and coordination between the two groups as trust has been built. This is an example of
- A. Matrix mapping
 - B. Stakeholder management capability
 - C. Influence pathway
 - D. Social capital**
 - E. None of the answers.
43. The types of latent stakeholders include all of the following except
- A. Dormant
 - B. Dangerous**
 - C. Discretionary
 - D. Demanding
 - E. All are types of latent stakeholders.
44. Corporate social responsibility (CSR) is the way that corporations achieve a balance between social, economic and environmental responsibilities. **T** ___F
45. The argument against social responsibility is that it increases costs for the organization. **T** ___F
TRUE
46. The Personal View of Social Responsibility concludes that the corporation is indeed a social institution. ___T
F
47. According to Carroll's Pyramid of Social Responsibility, profits resulting from the satisfaction of the economic responsibilities of the firm are necessary before any other responsibilities; responsibilities, including legal, ethical and philanthropic can be carried out. **T** ___F
48. Frank is considering relocating his company to a region of the country where the negative environmental impact will be reduced. This decision will have a negative impact on the firm's long term financial performance. Frank's decision is, however, consistent with the Corporate Sustainability model. ___T
F
49. 26. Social impact management focuses on corporations' impact on society and the environment, rather than the influence exerted by society over business actions. ___T **F**

50. Diane is very proud of her accomplishments as CEO. She is pleased that, under her leadership, her company is auditing the corporation's impact on society and the environment in addition to measuring economic factors. She has been able to demonstrate that her firm is a good Corporate Citizen. T ____F

51. Which of the following statements is inconsistent with Milton Friedman's argument regarding the responsibility of a firm?

- A. The only social responsibility of business is to make profits.
- B. Profit maximization is the primary purpose of business.
- C. Free and open competition is beneficial to business.
- D. Labour leaders only responsibility is to serve the interests of their unions.
- E. All of the answers are consistent with his position.

52. "A business is not a person," Bill argued. "It is not possible to impose moral sanctions on businesses like you would on a person." Bill's position is compatible with which theory of social responsibility?

- A. Amoral
- B. Personal
- C. Social
- D. B and C, not A
- E. None of the answers.

53. Which of the following was not included in Carroll's pyramid of social responsibility?

- A. Economic responsibilities
- B. Legal responsibilities
- C. Managerial responsibilities
- D. Ethical responsibilities
- E. Philanthropic responsibilities

54. XYZ Corporation has adopted a Corporate Sustainability perspective that ensures the company follows government regulations and attends to charitable expectations placed on them by society. This is consistent with the _____ level of Corporate Sustainability and reflects the _____ view of Corporate Social Responsibility.

- A. Compliance-drive, Personal
- B. Compliance-driven, Social
- C. Caring, Personal
- D. Caring, Social
- E. None of the answers.

55. Salvo is considering shutting down a local factory. It is recognized that this will have a negative social impact on the community in which Salvo is located. The CEO argues, however, that social considerations should not outweigh economic factors. The CEO's view is most compatible with the _____ model of Corporate Sustainability?

- A. Profit-driven
- B. Caring
- C. Synergistic
- D. Holistic
- E. None of the answers.

56. In a pluralistic society, one institution is completely independent of the others. ___T **___F**
57. It is the responsibility of the stakeholders to identify themselves to the organization. The organization does not need to identify stakeholders. ___T **___F**
58. Owners always have a lot of influence over an organization. ___T **___F**
59. The role of the board of directors is to determine the corporation's strategic direction, monitor and review performance, and hire and fire the top executives. **___T** ___F
60. Competitors include organizations that produce substitute products and therefore should be monitored. **___T** ___F
61. Different stakeholders have different sources and expressions of power. When one stakeholder becomes too powerful, another stakeholder may act to counterbalance and restrict this power. **___T** ___F
62. It is the responsibility of the board of directors, not the manager, to determine how to respond to stakeholders' power and pressures. ___T **___F**
63. ABC Corporation is a forestry company that is attempting to develop more sustainable approaches to forestry in order to preserve the land for use by future generations. They receive considerable support from mainstream environmental groups. Eco-terrorists, who will sabotage trees in such a way as to injure the forestry worker who is cutting the tree, do not believe that ABC Corporation is doing enough. Which of the following stakeholders should ABC consider in its decisions about forestry?
- A. Employees
 - B. Mainstream environmental groups
 - C. Eco-terrorism environmental groups
 - D. Media
 - E.** All stakeholders should potentially be considered.

64. BCS Corporation is considering the location of a new factory. The corporation must _____ all the expectations of all their stakeholders.
- A. Meet
 - B. Control
 - C. Balance
 - D. Clarify
 - E. Eliminate
65. The issue life cycle outlines stages through which an issue progresses those stages are:
- A. Introduction, growth, maturity, and decline
 - B. Awareness, growth, prominent, threatening, and decline
 - C. None or little, increasing, prominent, peak, and declining
 - D. None or little, awareness, increasing, prominent, peak, and declining
 - E. Introduction, growth, maturity, decline and resolution
66. A code of conduct explicitly states what appropriate behaviour is for employees. T F
67. Louis is attempting to make a difficult decision regarding what to disclose to shareholders. As an accountant, he consults his code of ethics. It provides him, not with clear answers, but with a statement of principles that he can use to help guide his behaviour. T F
68. Julian is in a conflict of interest regarding the use of his employer's property. He took office supplies home. T F
69. Seeing his son's kindergarten teacher emerge from the nightclub drunk and partially undressed, Kyle's father wondered if personal conduct in non-work hours is a conflict of interest for teachers. His friend, Sam, replied that personal conduct that reflects negatively on an employer is a type of conflict of interest. Sam is correct in this regard. T F
70. Whistle blowing is always a voluntary act. T F

71. A large manufacturer is considering closing its factory in Canada and relocate to Mexico where labour costs will be lower. The discussion around the board room table reflects multiple ethical perspectives. The President, Debra, argues: "How would you feel if we decided to move all our operations to Mexico, including your offices? Do we want this to become our standard of practice and apply it even to you? The President is using which ethical test:
- A. Categorical Imperative
 - B. Utilitarianism
 - C. Ventilation test
 - D. Good Puppy Theory
 - E. Good Person Test
72. Kelly had spent longer at lunch with his customer, a computer game manufacturer, than he expected. But, the meeting had been worthwhile. The customer had told Kelly that his company was about to lower the price of computer game systems the following week, the start of the next financial quarter, but that they were planning to keep this information from the retailers until the last possible minute to maximize the profit margins for the quarter. Kelly decided to delay purchasing a game system, which he had been planning to buy for his daughter, until the following week. What is the nature of Kelly's conflict of interest?
- A. Self dealing
 - B. Personal conduct
 - C. Using confidential information
 - D. Influence Peddling
 - E. Kelly is not in a Conflict of Interest.
73. It is required that when logging in a designated forest area that logging companies plant seedlings to help foster environmental renewal in the area. The CEO of a logging company has been exposed by whistleblowers for planting inferior tree seedlings. The CEO stated that it had met its legal requirement and whether or not planting inferior seedlings was ethical is not his concern. The CEO is operating under which leadership model?
- A. Immoral
 - B. Amoral
 - C. Moral
 - D. Ultra-moral
 - E. None of the answers.
74. Implicit ethics programs are implemented through
- A. Corporate culture
 - B. Rewards systems
 - C. Valued behavior
 - D. Performance measures
 - E. All methods are included
75. A condition in which there is diffusion of power among society's many groups and organizations describes:
- a. Pluralism
 - b. Socialism
 - c. Stakeholderism
 - d. Laissez-faire capitalism

76. The belief that our business system is appropriate to supply the goods and services wanted by Canadian society refers to the concept of:

- a. Integrity
- b. Legitimacy
- c. Inequities
- d. Concentration

77. When the business system operates with few restrictions on its activities, it is said that _____ exists:

- a. Individualism
- b. Competition
- c. Consumer sovereignty
- d. Economic freedom

78. The form of capitalism featuring limited government involvement, open borders, a profit mentality, and where consumers have considerable influence over the market and producers respond to their wishes is:

- a. Producer capitalism
- b. Family capitalism
- c. Liberal market capitalism
- d. Frontier capitalism

79. Any group that holds shared values or attitudes about an issue confronting society is referred to as a:

- a. Non-governmental organization
- b. Government organization
- c. Latent stakeholder
- d. Collaborator

80. Which of the following represents the least amount of government regulation?

- a. Mandated self-regulation
- b. Industry self-regulation
- c. Corporate self-discipline
- d. Quasi-government regulation

81. A corporation within a particular industry that receives some form of special attention from government through grants, loans, purchasing policy or tax incentives is referred to as a:
- a. Mixed enterprise
 - b. Chosen instrument
 - c. Public-private partnership
 - d. Sectoral association
82. Any action by government that gives a specific corporation or an entire industry a benefit not offered to others has been referred to as:
- a. Lobbying
 - b. Corporate agenda
 - c. Chosen instrument
 - d. Corporate welfare
83. A corporation demonstrating that it takes into account its role in and complete impact on society and the environment as well as its economic influence has demonstrated:
- a. Corporate citizenship
 - b. Corporate social responsibility
 - c. Corporate sustainability
 - d. None of the above
84. An economic system operating with absolute minimum interference by the government in the affairs of business is referred to as:
- a. Stakeholder capitalism
 - b. Laissez-faire capitalism
 - c. Free enterprise system
 - d. Responsible enterprise system
85. Family capitalism would most likely be found in:
- a. Canada
 - b. Mexico
 - c. China
 - d. Indonesia
86. Which one of the following is NOT an advantage of the partnership form of business ownership:
- a. Ease of start-up
 - b. Fast decision-making
 - c. Unlimited life span
 - d. Shared management

87. Which one of the following characteristics does NOT apply to a private corporation?

- a. The right to transfer shares is restricted
- b. The number of shareholders is limited to 50
- c. Must file a prospectus
- d. May not sell debentures to the public

88. A corporation that controls one or more other corporations through ownership of their common stock is referred to as a:

- a. Holding company
- b. Subsidiary corporation
- c. Private corporation
- d. Public corporation

89. Which one of the following statements concerning a co-operative is FALSE?

- a. Savings are passed on to members
- b. A co-operative is expected to operate without profit
- c. A co-operative is an organization only comprised of individuals
- d. A co-operative buys in bulk and advertising costs are pooled

90. Which one of the following statements best describes a nominal partner?

- a. Neither known to the public nor active in management
- b. Known to the public but not active in management
- c. Unknown to the public but active in management
- d. Lend their name to the partnership but otherwise are not involved

91. The Executive Branch of the federal public service includes:

- a. The House of Commons
- b. The Senate
- c. The Prime Minister and Cabinet
- d. The Judiciary

92. Which one of the following is not a source of legislation?

- a. Foreign governments
- b. The public service
- c. The public
- d. Parliament

93. A course of action or inaction chosen by public authorities to address a problem, expressed in the body of laws, regulations, decisions and actions of government describes:

- a. Policy review instruments
- b. Public policy
- c. Legislative process
- d. Social policy

94. All bills entailing the expenditure of public moneys must be introduced in the Senate. ____T ____F

95. Philanthropy is a desire to help mankind, most usually associated with business giving and *always* about giving money. ____T ____F

96. Charity is deliberate and expects to result in something. ____T ____F

97. Social capital focuses on the individual, including one's qualifications as well as the outcomes of income and productivity ____T ____F

98. When American Express made a donation toward the refurbishment of the Statue of Liberty each time someone used the American Express Card, this best exemplified:

- a. A Public Purpose Partnership
- b. Strategic Philanthropy
- c. Cause-Related Marketing
- d. Global Philanthropy

99. In recent years the segment of the Canadian socioeconomy that has gained the most strength in its ability to influence the other two segments has been the:

- a. Business segment
- b. Civil society segment
- c. Government segment
- d. All have gained strength equally

100. The relationships, networks and norms that facilitate collective action describe:

- a. Human capital
- b. Government sorting mechanisms

- c. Philanthropy
- d. Social capital