WEEK ONE Assignment Solution

Type: multiple choice questions

01) Crane and Matten define the subject of business ethics as, “The study of business situations, activities, and decisions where…

a. maximizing profit is reconciled with society’s expectations.”
b. issues of right and wrong are addressed “
c. examples of corporate malfeasance are highlighted.”
d. questions are raised about corporate motivations.”
e. all of the above

Answer=b   Feedback: See the definition provided in Chapter 1. Although there will inevitably be disagreements about what exactly constitutes ‘ethical’ business activity, Crane and Matten consider the definition they provide of the subject itself to be fairly uncontroversial

02) The law can be said to be a definition of the minimum acceptable standards of behaviour, with many morally contestable issues not covered by the law. What does this imply for business ethics?

a. Businesses should prevent laws from being enacted so as to give themselves maximum freedom to act.
b. Business ethics is about uncovering the definitive answer to business ethics problems in the absence of guidance from the law.
c. In a sense, business ethics can be said to begin where the law ends.
d. The other three answers are all correct.
e. none of the above

Answer=c   Feedback: Business ethics can be said to begin where the law ends. There is typically no definitive ‘right’ answer to business ethics problems, and while one may choose to argue that business should try and prevent laws from being enacted, this does not automatically follow from the fact that many morally contestable issues are not covered by the law.

03) Why is business ethics important? Please select all that apply.

a. Business has greater power and influence in society than ever before.
b. Business has the potential to provide a major contribution to our societies.
c. Business malpractices have the potential to inflict enormous harm on individuals, communities and the environment.
d. Business continues to violate ethics, across countries and sectors.
e. All of the above.

Answer=e   Feedback: These are all reasons why business ethics is important, but there are others also: Crane and Matten list eight in total.

04) There are clear regional differences in business ethics. Read the following statements carefully and decide which of the following is correct.

a. In North America, the key actors in business ethics are government, trade unions and corporate associations. In Europe it is government and corporations, while in Asia it is the corporation.
b. Key issues in business ethics in Asia are corporate governance and accountability. In North America they are misconduct and immorality in single decision situations. In Europe, key issues in business ethics are social issues in organizing the framework of business.
c. In North America, the individual is responsible for ethical conduct in business, while in Asia it is social control by the collective and in Europe the responsibility lies with top management.
d. In North America, a formalized multiple stakeholder approach is the dominant perspective on stakeholder management. Asia focuses on shareholder value, while Europe tends to take an implicit multiple stakeholder and benign managerialism approach.
e. None of the above
05) What is definition of sustainability?

a. Sustainability means the capacity of a business to survive over time whilst contributing to the local communities and protecting the local environments in which it operates.

b. Sustainability means that business must extend its goals beyond that of adding economic value, to incorporate adding environmental and social value also.

c. Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

d. All of above.

e. None of the above

Answer=b Feedback: This is a reformulation of John Elkington’s Triple Bottom Line idea

06) Crane and Matten point out that the development of social perspectives on sustainability has tended to trail behind that of the environmental and economic perspectives on sustainability. One attempt to address social elements is the UN’s Millennium Development Goals (MDGs), which is a set of eight goals to be achieved by 2015. Which of the following is not an MDG?

a. Reduce child mortality.

b. Achieve universal primary education.

c. Reduce domestic violence.

d. Eradicate extreme poverty and hunger.

e. All of the above.

Answer=c Feedback: The reduction of domestic violence is not a specific MDG. The MDGs are primarily governmental responsibilities, but some of them have direct implications for business.

07) Globalization can be defined as a process of:

a. Liberalization

b. Deterritorialization

c. Westernization

d. Internationalization

e. All of the above.

Answer=b Feedback: Globalization is a process which diminishes the necessity of a common and shared territorial basis for social, economic, and political activities, processes, and relations.

08) The three dimensions i.e. environmental, economic and social perspectives constitute Triple Bottom Line. This term has been coined by:

a. M. Friedman

b. Crane and Matten

c. J. Elkington

d. Carroll

e. None of the above.
Answer=c Feedback: Proponent of the term.

09) Who is/are the key actors in business ethics in European Context?
   a. Only Government
   b. Government, Trade unions and corporate associations
   c. Government and Corporations
   d. Only Corporations
   e. None of the above.

Answer=b Feedback: In Europe it has traditionally been thought that it is not the individual business person nor the single company but a collective and overarching institution usually the state is responsible for solving ethical dilemmas in business.

10) Which one is the correct order of relationship?
   a. Ethics → Morality → Ethical Theory → Solution to ethical problem
   b. Morality → Ethical Theory → Ethics → Solution to ethical problem
   c. Ethical Theory → Ethics → Morality → Solution to ethical problem
   d. Morality → Ethics → Ethical Theory → Solution to ethical problem
   e. All of the above.

Answer=d Feedback: Ethics rationalizes morality to produce ethical theory that can be applied to any situation.

WEEK TWO

Type: multiple choice questions

01) In his influential 1970 article, Milton Friedman protested against the notion of corporate responsibility for corporations. Which of the following is not one of the three main premises of his argument?
   a. Social issues and problems are the proper province of the state rather than corporate managers.
   b. It is managers' responsibility to act solely in the interests of shareholders.
   c. Corporate responsibilities limit a corporation’s freedom to choose how to pursue its main task of increasing profits.
   d. Only human beings have a moral responsibility for their actions.
   e. None of the above.

Answer=c Feedback: One of the main features of Friedman’s work was the notion of freedom (e.g., his books, *Free to choose* and *Capitalism and freedom*), but this is not one of the three main premises of Friedman’s argument as set out in his 1970 article.

02) It is now generally accepted that business responsibility does extend beyond simply making a profit. Which of the following do Crane and Matten list as business reasons for CSR? Please select all that apply.
   a. Socially responsible companies voluntarily solve the social and environmental problems their activities have caused.
   b. Socially responsible firms may find it easier to attract employees, who may be more committed.
   c. Corporations seen as responsible may attract more and/or more loyal customers.
   d. By engaging in voluntary CSR, corporations may avoid government legislation.
   e. All of the above options b, c, d.

Answer=e Feedback: These arguments are also referred to as being in firms’ enlightened self-interest; that is, a firm promotes its own self-interest by taking on social responsibilities. There are also further moral arguments for CSR.
03) Carroll (1979, 1991) developed a four-part model of CSR to address the nature of business’s social responsibilities. According to Carroll’s model, which of the following responsibilities does society expect businesses to meet?

a. Economic responsibilities  
b. Philanthropic responsibilities  
c. Legal responsibilities  
d. Ethical responsibilities  
e. All of the above.

Answer = d  Feedback: Type According to Carroll, society requires firms to meet their economic and legal responsibilities, expects them to meet their ethical responsibilities, and desires that they meet their philanthropic responsibilities.

04) Which of the following stakeholders are included in the stakeholder view of the firm and in the network model of stakeholder theory, but not in the traditional model of managerial capitalism?

a. Shareholders  
b. Government  
c. Employees  
d. Supplier’s stakeholder  
e. All of the above.

Answer = b  Feedback: Government is one of the groups included in the stakeholder view of the firm and in the network model of stakeholder theory, but not in the traditional model of managerial capitalism.

05) Since the late 1980s, we have witnessed a growing tendency towards the ‘privatization’ of many political functions and processes formerly assigned to governments. Which of the following are examples of how people’s lives are increasingly controlled and shaped by corporations as well as governments? Please select all that apply.

a. Globalization facilitates relocation and potentially makes companies able to engage governments in a ‘race to the bottom’. 
b. Decisions over employment, lay-offs and relocation are taken by firms, and governments cannot directly control employment levels (though they are made responsible for unemployment). 
c. The privatization of major public services and publicly owned companies has led to private actors dominating major industries such as media, telecommunications and transport. 
d. Market and industrial liberalization and deregulation has increased the power of private actors: the more strongly the market dominates economic life, the weaker governmental intervention and influence is. 
e. All of the above.

Answer = e. Feedback: All of the options given here are examples of increasing corporate influence over people's lives. The central problem behind the trends is the issue of democratic accountability in an environment in which decisions affecting people's lives are increasingly taken by firms that are not subject to democratic control.

06) Given the emerging role for corporations in the administration of civil, social and political rights, Crane and Matten argue that the extended view of corporate citizenship suggests the following definition:

a. Corporate citizenship describes the corporate role in public policy creation. 
b. Corporate citizenship describes the position of the corporation with respect to the government. 
c. Corporate citizenship describes the corporate function for governing citizenship rights for individuals. 
d. Corporate citizenship describes the situation in which the corporation takes on a government-like role towards individuals.
07) Strategies of social responsiveness given by Carroll are:
i. Defence
ii. Accommodation
iii. Proaction
iv. Reaction

a. i and iii  
b. ii and iv  
c. i, ii and iii  
d. i, ii, iii and iv  
e. None of the above.

Answer=d Feedback: All four strategies were given by Carroll

08) According to Donaldson and Preston, there are three different forms of stakeholder theory. Which of the following definitions is correct?
a. Instrumental stakeholder theory: attempts to answer the question of whether it is beneficial for the corporation to take into account stakeholder interests  
b. Normative stakeholder theory: attempts to ascertain whether (and how) corporations actually do take into account stakeholder interests  
c. Descriptive stakeholder theory: attempts to provide a reason why corporations should take into account stakeholder interests  
d. None of these  
e. All of these.

Answer=a Feedback: Donaldson & Preston (1995) distinguish between three forms of stakeholder theory: normative, descriptive and instrumental. Instrumental stakeholder theory attempts to answer the question of whether it is beneficial for the corporation to take into account stakeholder interests.

09) The Stakeholder theory of the firm had been developed by:
a. A. Carroll  
b. E. Freeman  
c. D. Preston  
d. T. Donaldson  
e. None of the above.

Answer=b Feedback: Proponent of the theory

10) Wood (1991) presented a model for corporate social performance, which could be observed as principles of CSR, processes of social responsiveness and outcomes of corporate behaviour. These outcomes have been further delineated into how many areas?
a. 2  
b. 4  
c. 3  
d. 5  
e. None of the above.

Answer=c Feedback: 3 outcomes are Social policies, Social programmes and social impacts.