***Business & Society, 16e* (Lawrence)**

**Chapter 1 The Corporation and Its Stakeholders**

1) Amazon has been called "Earth's biggest store."

Answer: TRUE

Difficulty: 1 Easy

Learning Objective: 01-01 Understanding the relationship between business and society and the ways in which business and society are part of an interactive system.

Accessibility: Keyboard Navigation

Gradable: automatic

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

Answer: TRUE

Difficulty: 1 Easy

Learning Objective: 01-01 Understanding the relationship between business and society and the ways in which business and society are part of an interactive system.

Accessibility: Keyboard Navigation

Gradable: automatic

3) Businesses and society are independent of one another.

Answer: FALSE

Difficulty: 1 Easy

Learning Objective: 01-01 Understanding the relationship between business and society and the ways in which business and society are part of an interactive system.

Accessibility: Keyboard Navigation

Gradable: automatic

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

Answer: FALSE

Difficulty: 1 Easy

Learning Objective: 01-02 Considering the purpose of the modern corporation.

Accessibility: Keyboard Navigation

Gradable: automatic

5) 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.

Answer: TRUE

Difficulty: 1 Easy

Learning Objective: 01-02 Considering the purpose of the modern corporation.

Accessibility: Keyboard Navigation

Gradable: automatic

6) 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.

Answer: FALSE

Difficulty: 1 Easy

Learning Objective: 01-02 Considering the purpose of the modern corporation.

Accessibility: Keyboard Navigation

Gradable: automatic

7) 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.

Answer: FALSE

Difficulty: 1 Easy

Learning Objective: 01-03 Knowing what a stakeholder is and who a corporation's market and nonmarket and internal and external stakeholders are.

Accessibility: Keyboard Navigation

Gradable: automatic

8) Market stakeholders include nongovernmental organizations and business support groups.

Answer: FALSE

Difficulty: 1 Easy

Learning Objective: 01-03 Knowing what a stakeholder is and who a corporation's market and nonmarket and internal and external stakeholders are.

Accessibility: Keyboard Navigation

Gradable: automatic

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

Answer: TRUE

Difficulty: 1 Easy

Learning Objective: 01-03 Knowing what a stakeholder is and who a corporation's market and nonmarket and internal and external stakeholders are.

Accessibility: Keyboard Navigation

Gradable: automatic

10) The interests of different stakeholders often coincide.

Answer: TRUE

Difficulty: 1 Easy

Learning Objective: 01-04 Conducting a stakeholder analysis and understanding the basis of stakeholder interests and power.

Accessibility: Keyboard Navigation

Gradable: automatic

11) Stakeholders involved with one part of a company may have little or no involvement with another part of the company.

Answer: TRUE

Difficulty: 1 Easy

Learning Objective: 01-04 Conducting a stakeholder analysis and understanding the basis of stakeholder interests and power.

Accessibility: Keyboard Navigation

Gradable: automatic

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

Answer: FALSE

Difficulty: 1 Easy

Learning Objective: 01-04 Conducting a stakeholder analysis and understanding the basis of stakeholder interests and power.

Accessibility: Keyboard Navigation

Gradable: automatic

13) Urgency refers to the extent to which a stakeholder's actions are seen as proper or appropriate by the broader society.

Answer: FALSE

Difficulty: 1 Easy

Learning Objective: 01-04 Conducting a stakeholder analysis and understanding the basis of stakeholder interests and power.

Accessibility: Keyboard Navigation

Gradable: automatic

14) A corporation's investor relations department interacts mainly with shareholders.

Answer: TRUE

Difficulty: 1 Easy

Learning Objective: 01-05 Recognizing the diverse ways in which modern corporations organize internally to interact with various stakeholders.

Accessibility: Keyboard Navigation

Gradable: automatic

15) The external environment of business is static.

Answer: FALSE

Difficulty: 1 Easy

Learning Objective: 01-06 Analyzing the forces of change that continually reshape the business and society relationship.

Accessibility: Keyboard Navigation

Gradable: automatic

16) Which statement is not correct about the business-society interdependence?

A) Business is a part of society.

B) Business is separated from the rest of society by clear boundaries.

C) Business activities impact other activities in society.

D) Actions by governments rarely affect business.

Answer: D

Difficulty: 2 Medium

Learning Objective: 01-01 Understanding the relationship between business and society and the ways in which business and society are part of an interactive system.

Accessibility: Keyboard Navigation

Gradable: automatic

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

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

B) A software company develops an application for a client.

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

D) All of these answers are correct.

Answer: D

Difficulty: 3 Hard

Learning Objective: 01-01 Understanding the relationship between business and society and the ways in which business and society are part of an interactive system.

Accessibility: Keyboard Navigation

Gradable: automatic

18) Which of the following is the result of the inseparable relationship between business and society?

A) All business decisions have a social impact.

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

C) The survival of business is independent of society.

D) Both of these answers are correct: All business decisions have a social impact and the vitality of business depends on society's actions and attitudes.

Answer: D

Difficulty: 2 Medium

Learning Objective: 01-01 Understanding the relationship between business and society and the ways in which business and society are part of an interactive system.

Accessibility: Keyboard Navigation

Gradable: automatic

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

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

B) The boundary between business and society is clear and distinct.

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

D) Business and society are both separate and connected.

Answer: B

Difficulty: 3 Hard

Learning Objective: 01-01 Understanding the relationship between business and society and the ways in which business and society are part of an interactive system.

Accessibility: Keyboard Navigation

Gradable: automatic

20) A firm subscribing to the shareholder theory of the firm would mainly be concerned with providing value for its:

A) Investors.

B) Customers.

C) Board of Directors.

D) Community.

Answer: A

Difficulty: 2 Medium

Learning Objective: 01-02 Considering the purpose of the modern corporation.

Accessibility: Keyboard Navigation

Gradable: automatic

21) Corporations that run their operations according to the stakeholder theory of the firm create value by:

A) Innovating new products.

B) Increasing their stock price.

C) Developing their employees' professional skills.

D) All of these answers are correct.

Answer: D

Difficulty: 2 Medium

Learning Objective: 01-02 Considering the purpose of the modern corporation.

Accessibility: Keyboard Navigation

Gradable: automatic

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

A) Descriptive argument.

B) Instrumental argument.

C) Normative argument.

D) Fiduciary argument.

Answer: A

Difficulty: 1 Easy

Learning Objective: 01-02 Considering the purpose of the modern corporation.

Accessibility: Keyboard Navigation

Gradable: automatic

23) The instrumental argument says stakeholder management is:

A) A more realistic description of how companies really work.

B) More effective as a corporate strategy.

C) Simply the right thing to do.

D) Determined by the amount of stock owned in the firm.

Answer: B

Difficulty: 1 Easy

Learning Objective: 01-02 Considering the purpose of the modern corporation.

Accessibility: Keyboard Navigation

Gradable: automatic

24) The fiduciary duty of managers benefits a firm's:

A) Shareholders.

B) Customers.

C) Employees.

D) All of these answers are correct.

Answer: D

Difficulty: 3 Hard

Learning Objective: 01-02 Considering the purpose of the modern corporation.

Accessibility: Keyboard Navigation

Gradable: automatic

25) The main reason a number of European countries require public companies to include employee members on their boards of directors is so that:

A) The employees will be available to answer other board members' questions.

B) Management will not have to attend the meetings.

C) Employees' interests will be explicitly represented.

D) Employees will have more power than any other stakeholder.

Answer: C

Difficulty: 2 Medium

Learning Objective: 01-02 Considering the purpose of the modern corporation.

Accessibility: Keyboard Navigation

Gradable: automatic

26) Stakeholder groups can include:

A) Shareholders.

B) Business support groups.

C) Environmental activists.

D) All of these answers are correct.

Answer: D

Difficulty: 1 Easy

Learning Objective: 01-03 Knowing what a stakeholder is and who a corporation's market and nonmarket and internal and external stakeholders are.

Accessibility: Keyboard Navigation

Gradable: automatic

27) Which one of the following is considered to be a *nonmarket* stakeholder of business?

A) Customers.

B) Nongovernmental organizations.

C) Creditors.

D) Shareholders.

Answer: B

Difficulty: 1 Easy

Learning Objective: 01-03 Knowing what a stakeholder is and who a corporation's market and nonmarket and internal and external stakeholders are.

Accessibility: Keyboard Navigation

Gradable: automatic

28) A market stakeholder is exemplified by which of the following?

A) Government agencies.

B) Creditors.

C) Activist groups.

D) Nongovernmental organizations.

Answer: B

Difficulty: 1 Easy

Learning Objective: 01-03 Knowing what a stakeholder is and who a corporation's market and nonmarket and internal and external stakeholders are.

Accessibility: Keyboard Navigation

Gradable: automatic

29) All of the following are external stakeholders of the firm except:

A) Managers.

B) Customers.

C) Shareholders.

D) Suppliers.

Answer: A

Difficulty: 1 Easy

Learning Objective: 01-03 Knowing what a stakeholder is and who a corporation's market and nonmarket and internal and external stakeholders are.

Accessibility: Keyboard Navigation

Gradable: automatic

30) The phenomenon of a person or group holding multiple stakeholder duties is referred to as:

A) Role sets.

B) Primary stakeholder(s).

C) Shareholder theory.

D) None of these answers is correct.

Answer: A

Difficulty: 2 Medium

Learning Objective: 01-03 Knowing what a stakeholder is and who a corporation's market and nonmarket and internal and external stakeholders are.

Accessibility: Keyboard Navigation

Gradable: automatic

31) A stakeholder analysis:

A) Creates equality among all stakeholder interests.

B) Allows managers to examine two primary questions.

C) Involves understanding the nature of stakeholder interests.

D) All of these answers are correct.

Answer: C

Difficulty: 2 Medium

Learning Objective: 01-04 Conducting a stakeholder analysis and understanding the basis of stakeholder interests and power.

Accessibility: Keyboard Navigation

Gradable: automatic

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

A) Voting, economic, political, legal, and informational power.

B) Social, legal, environmental, economic, and political power.

C) Social, regulatory, voting, governance, and information power.

D) Economic, informational, legal, shareholder, and political power.

Answer: A

Difficulty: 2 Medium

Learning Objective: 01-04 Conducting a stakeholder analysis and understanding the basis of stakeholder interests and power.

Accessibility: Keyboard Navigation

Gradable: automatic

33) Which of the following statements is (are) correct about stakeholders' power?

A) Different stakeholders have different types and degrees of power.

B) Shareholders' voting power is limited to the percentage of share owned by the shareholder.

C) It uses resources to achieve a desired decision or outcome.

D) All of these answers are correct.

Answer: D

Difficulty: 3 Hard

Learning Objective: 01-04 Conducting a stakeholder analysis and understanding the basis of stakeholder interests and power.

Accessibility: Keyboard Navigation

Gradable: automatic

34) Customers can exercise economic stakeholder power by:

A) Voting on a proposed merger for the company and a competitor.

B) Boycotting products if they believe the goods are too expensive.

C) Attending the company's annual meeting.

D) Applying for a job with the company.

Answer: B

Difficulty: 2 Medium

Learning Objective: 01-04 Conducting a stakeholder analysis and understanding the basis of stakeholder interests and power.

Accessibility: Keyboard Navigation

Gradable: automatic

35) Which of the following is not an example of stakeholders' economic power?

A) A supplier halts shipments to a business customer that demanded very low prices.

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

C) A local community boycotts a grocery store suspected of inaccurate weight scales.

D) An equal rights group refuses to do business with a company that has a discriminatory hiring policy.

Answer: B

Difficulty: 3 Hard

Learning Objective: 01-04 Conducting a stakeholder analysis and understanding the basis of stakeholder interests and power.

Accessibility: Keyboard Navigation

Gradable: automatic

36) 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:

A) Legal power.

B) Voting power.

C) Economic power.

D) Political power.

Answer: A

Difficulty: 2 Medium

Learning Objective: 01-04 Conducting a stakeholder analysis and understanding the basis of stakeholder interests and power.

Accessibility: Keyboard Navigation

Gradable: automatic

37) What stakeholder group(s) can exercise legal power?

A) Employees.

B) Customers.

C) Shareholders.

D) All of these answers are correct.

Answer: D

Difficulty: 1 Easy

Learning Objective: 01-04 Conducting a stakeholder analysis and understanding the basis of stakeholder interests and power.

Accessibility: Keyboard Navigation

Gradable: automatic

38) What kind of power might a local community use to influence a company's decisions?

A) Publicizing an issue.

B) Lobbying government policy makers for regulations.

C) Challenging whether a specific business activity should continue.

D) All of these answers are correct.

Answer: D

Difficulty: 3 Hard

Learning Objective: 01-04 Conducting a stakeholder analysis and understanding the basis of stakeholder interests and power.

Accessibility: Keyboard Navigation

Gradable: automatic

39) With the explosive growth of technologies that facilitate the sharing of information, this kind of stakeholder power has become increasingly important:

A) Economic power.

B) Political power.

C) Informational power.

D) Legal power.

Answer: C

Difficulty: 2 Medium

Learning Objective: 01-04 Conducting a stakeholder analysis and understanding the basis of stakeholder interests and power.

Accessibility: Keyboard Navigation

Gradable: automatic

40) Stakeholders have been able to form international coalitions more successfully through use of:

A) Government regulation.

B) Community involvement.

C) Communications technology.

D) Unions.

Answer: C

Difficulty: 1 Easy

Learning Objective: 01-04 Conducting a stakeholder analysis and understanding the basis of stakeholder interests and power.

Accessibility: Keyboard Navigation

Gradable: automatic

41) When something stands out from a background, is seen as important, or draws attention it is:

A) Urgent.

B) Salient.

C) Powerful.

D) Legitimate.

Answer: B

Difficulty: 2 Medium

Learning Objective: 01-04 Conducting a stakeholder analysis and understanding the basis of stakeholder interests and power.

Accessibility: Keyboard Navigation

Gradable: automatic

42) Stakeholders stand out to managers when they exhibit:

A) Integrity, power, and legitimacy.

B) Power, legitimacy, and urgency.

C) Integrity, loyalty, and power.

D) Legitimacy, loyalty, and urgency.

Answer: B

Difficulty: 3 Hard

Learning Objective: 01-04 Conducting a stakeholder analysis and understanding the basis of stakeholder interests and power.

Accessibility: Keyboard Navigation

Gradable: automatic

43) A stakeholder map is a useful tool because:

A) It enables managers to quickly see how stakeholders feel about an issue.

B) It allows managers to evaluate what outcomes are likely regarding an issue.

C) It helps managers discourage or dissolve stakeholder coalitions.

D) Both of these answers are correct: It enables managers to quickly see how stakeholders feel about an issue, and it allows managers to evaluate what outcomes are likely regarding an issue.

Answer: D

Difficulty: 3 Hard

Learning Objective: 01-04 Conducting a stakeholder analysis and understanding the basis of stakeholder interests and power.

Accessibility: Keyboard Navigation

Gradable: automatic

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

A) Inter-departmental divisions.

B) Geographical location areas.

C) Boundary-spanning departments.

D) Organizational maps.

Answer: C

Difficulty: 1 Easy

Learning Objective: 01-05 Recognizing the diverse ways in which modern corporations organize internally to interact with various stakeholders.

Accessibility: Keyboard Navigation

Gradable: automatic

45) Interactions between business and society occur:

A) Within a finite natural ecosystem.

B) Only during an environmental crisis.

C) When business employees and the community are of similar cultural backgrounds.

D) When legislation is passed requiring interaction.

Answer: A

Difficulty: 2 Medium

Learning Objective: 01-06 Analyzing the forces of change that continually reshape the business and society relationship.

Accessibility: Keyboard Navigation

Gradable: automatic

46) In the case Insuring *Uber's App-On Gap*, which type of power do Uber customers have?

A) Economic and informational.

B) Legal and economic.

C) Political only.

D) Voting and legal.

Answer: B

Difficulty: 2 Medium

Learning Objective: Case Insuring Uber's App-On Gap

Accessibility: Keyboard Navigation

Gradable: automatic

47) In the case *Insuring Uber's App-On Gap*, which stakeholders supported ending the App-On Gap?

A) Competitors, taxi companies, Internet-based firms.

B) Taxi companies, high-tech trade associations, government.

C) Uber customers, competitors, government.

D) Uber customers, Uber drivers, consumer lawyers.

Answer: D

Difficulty: 2 Medium

Learning Objective: Case Insuring Uber's App-On Gap

Accessibility: Keyboard Navigation

Gradable: automatic

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

Answer: Answers may vary.

Difficulty: 3 Hard

Learning Objective: 01-01 Understanding the relationship between business and society and the ways in which business and society are part of an interactive system.

Accessibility: Keyboard Navigation

Gradable: manual

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

Answer: Answers may vary.

Difficulty: 3 Hard

Learning Objective: 01-02 Considering the purpose of the modern corporation.

Accessibility: Keyboard Navigation

Gradable: manual

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

Answer: Answers may vary.

Difficulty: 3 Hard

Learning Objective: 01-03 Knowing what a stakeholder is and who a corporation's market and nonmarket and internal and external stakeholders are.

Accessibility: Keyboard Navigation

Gradable: manual

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

Answer: Answers may vary.

Difficulty: 3 Hard

Learning Objective: 01-03 Knowing what a stakeholder is and who a corporation's market and nonmarket and internal and external stakeholders are.

Accessibility: Keyboard Navigation

Gradable: manual

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

Answer: Answers may vary.

Difficulty: 3 Hard

Learning Objective: 01-04 Conducting a stakeholder analysis and understanding the basis of stakeholder interests and power.

Accessibility: Keyboard Navigation

Gradable: manual

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

Answer: Answers may vary.

Difficulty: 3 Hard

Learning Objective: 01-04 Conducting a stakeholder analysis and understanding the basis of stakeholder interests and power.

Accessibility: Keyboard Navigation

Gradable: manual

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

Answer: Answers may vary.

Difficulty: 3 Hard

Learning Objective: 01-05 Recognizing the diverse ways in which modern corporations organize internally to interact with various stakeholders.

Accessibility: Keyboard Navigation

Gradable: manual

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

Answer: Answers may vary.

Difficulty: 3 Hard

Learning Objective: 01-06 Analyzing the forces of change that continually reshape the business and society relationship.

Accessibility: Keyboard Navigation

Gradable: manual