

c1

Student: _____

1. The study of business and society involves an exploration of what is "right" and/or "wrong" in terms of the social and ethical conduct of business.

True False

2. Responses to social and environmental issues will determine the corporations which will survive in the future.

True False

3. Integrity refers to the appropriateness of a corporation's behaviour, not to its adherence to moral principles.

True False

4. Ethics apply to business in the same manner as they apply to religion.

True False

5. A responsible corporation, a business undertaking that responds to social, ethical, and environmental responsibilities in addition to its economic obligations results in a firm's integrity.

True False

6. The triple-E bottom line (3E) is the evaluation of a corporation's performance according to a summary of the economic, social or ethical, and environmental value the corporation adds or destroys.

True False

7. Most people agree on a universal way to approach ethics and therefore, there is widespread agreement as to the appropriate behaviour by business in society.

True False

8. Deontological theories of ethics are rule-based.

True False

9. Virtue ethics emphasizes the *situation* that individuals find themselves in and focuses on what they are doing.

True False

10. When resolving ethical issues, automatic decisions are reliable.

True False

11. The teleological approach to ethics is also referred to as a rule-based theory.

True False

12. Virtue ethics focuses upon 'doing' rather than 'being'.

True False

13. One advantage of virtue ethics is that there is general agreement as to what constitutes a virtue.

True False

14. Utilitarianism is one form of rule-based theories.

True False

15. The 'greatest good for the greatest number' is a feature of consequentialist theories.

True False

16. A free enterprise system sees a limited role for government.

True False

17. The responsible enterprise system and stakeholder capitalism both acknowledge that business has responsibility beyond making profit for shareholders.

True False

18. Adam Smith argued for a system of capitalism that would see an enhanced role for government.

True False

19. Canadians' overall attitude towards business has been basically positive over the last ten years.

True False

20. The non-profit sector is alternately known as the third sector or the plural sector.

True False

21. There are very few legal requirements for an individual establishing or operating a business in Canada.

True False

22. A partnership may involve two or more than two individuals sharing the ownership of a business.

True False

23. In a proprietorship or partnership, the owners assume all responsibility for the firm, but they also receive all profits.

True False

24. The concession doctrine implies that incorporation is a right, not a privilege for businesses.

True False

25. The freedom of association doctrine implies that incorporation should occur without government intervention.

True False

26. 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.

True False

27. A minority of Canadians are owners of businesses, either directly or indirectly.

True False

28. Strategic planning is a function of the board of directors.

True False

29. The board of directors is responsible to the manager of the corporation.

True False

30. Integrity is becoming an increasingly important attribute for managers to possess.

True False

31. Self-interest by firms is an issue that the Canadian public consistently identifies as a negative attribute of the business enterprise system.

True False

32. A Hewlett-Packard Co. survey of Canadians found that 90 percent believed the more socially and environmentally responsible a corporation is, the more likely they are to purchase its goods and services.

True False

33. There is a positive relationship between living standards and how positive society views business. As living standards increase, the more likely society will view business in a positive manner.

True False

34. Self-interest acts as a motivator in the business enterprise system and provides the drive for profit that encourages individuals to get things done.

True False

35. A system based on a capitalistic market always leads to the equitable distribution of income.

True False

36. Legitimacy requires belief, trust, and confidence in the business system.

True False

37. In order for a business to be legitimate, the business enterprise system must report positive profits and pay dividends to shareholders on a consistent basis.

True False

38. Social licence is based on ethics, values, expectations, and self-regulation considered preferable to social or government control which is based on regulation, legislation, litigation, and compliance.

True False

39. The integrity of future business entrepreneurs, managers, and employees is unrelated to how these individuals behave while in academic programs.

True False

40. There is little concern that a lack of academic integrity will have an influence on business integrity.

True False

41. There exists a reciprocal relationship between business and society.

True False

42. The three dominant approaches to normative theories of ethics include all of the following *except*:

A. Deontological

B. Teleological

C. Justice

D. Virtue

E. All of the above are approaches to normative theories of ethics.

43. One prominent ethicist who wrote extensively about virtue ethics was:

A. Kant

B. Locke

C. Bentham

D. Aristotle

E. Mills

44. The 'veil of ignorance' test is a variation of _____ theories.

- A. teleological
- B. virtue
- C. deontological
- D. consequentialist
- E. justice

45. Which of the following ethicists wrote that leadership can create opportunities for all to realize their potential?

- A. Kant
- B. Plato
- C. Bentham
- D. Aristotle
- E. Smith

46. Government and business work collaboratively with multiple stakeholders to use resources to meet the needs of the members of a society. This arrangement is called the _____ system of a nation.

- A. economic
- B. free enterprise
- C. responsible enterprise
- D. capitalist
- E. political

47. The discussion of the business enterprise system in the Business and Society class today was stimulating. John argued that the Canadian government should apply a _____ model whereby economic decision making is left to those individuals or enterprises who own the means of production.

- A. capitalism
- B. free enterprise
- C. laissez-faire capitalism
- D. responsible enterprise
- E. stakeholder capitalism

48. The discussion of the business enterprise system in the Business and Society class today became heated when a debate broke out as to which capitalist system Canada should employ. Jamal argued that the Canadian government should apply a _____ model whereby economic decision making is left to those individuals or enterprises who own the means of production. A profit motivation, with limited government involvement, would create a competitive market system. Crystal agreed, but added that accountability to society by business was also important and therefore a _____ was better.

- A. free enterprise; stakeholder capitalism
- B. free enterprise; responsible enterprise
- C. laissez-faire capitalism; stakeholder capitalism
- D. laissez-faire capitalism; responsible enterprise
- E. sustainable; stakeholder model

49. The discussion of the business enterprise system in the Business and Society class today became interesting when Roberto took the position that the Canadian government should apply a _____ model whereby economic decision making is left to those individuals or enterprises who own the means of production and the government has only the most minimal, strictly limited role.

- A. capitalism
- B. free enterprise
- C. laissez-faire capitalism
- D. responsible enterprise
- E. stakeholder capitalism

50. Eduardo argued that Canadian business has a responsibility that goes beyond making money for investors. Businesses operate within communities. Decisions, such as closing down factories, will affect employees, their families as well as other businesses located in the factory's town. Eduardo is arguing for a _____ model of capitalism.

- A. free enterprise
- B. laissez-faire
- C. responsible enterprise
- D. stakeholder
- E. sustainable

51. Jane is starting a business to sell handmade greeting cards online. She is forming a(n) _____ in that she is planning to assume all the risks and accept all the rewards of business ownership.

- A. partnership
- B. proprietorship
- C. going concern
- D. incorporated business
- E. virtual model

52. 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

53. By incorporating his business, Gordon has taken on partners who will provide financial backing. However, there are governmental requirements that shape the process. This is in contrast to the _____ doctrine that allowed state control over the granting of incorporation.

- A. freedom of association
- B. going concern
- C. concession
- D. voluntary
- E. legal

54. 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

55. Lucia is a shareholder in ULO Corporation, but she doesn't know it! She had thought for years that her pension was just sitting in a bank vault somewhere waiting for her to retire. Lucia is a(n) _____ of ULO Corporation.

- A. direct owner
- B. indirect owner
- C. member of the board of directors
- D. manager
- E. active stakeholder

56. Kathleen's responsibility is to manage the business and affairs of KLN Corporation, which manufactures ceramic products for industry. Kathleen is a(n) _____ of KLN Corporation.

- A. direct owner
- B. indirect owner
- C. member of the board of directors
- D. manager
- E. None of the answers.

57. Julian is planning on retiring from his role as chief executive of LVN Corporation. He doesn't know who will take his place or even if the departure should be gradual, but knows that _____ is the responsibility of the _____.

- A. succession planning; manager
- B. succession planning; board of directors
- C. hiring and termination of leadership; manager
- D. hiring and termination of leadership; board of directors
- E. succession and termination; board of directors

58. LK Corporation has recently downsized its operations. The trend towards healthy eating has led to fewer purchases of lollipops and suckers, the principal product of the firm. Knowing that Halloween is approaching and that sales will improve, the company has told the media that the workers will be rehired as soon as sales improve. In planning to rehire the laid off workers, LK Corporation is attributing the layoffs to the _____.

- A. self-interest
- B. allocation of resources
- C. decentralized decision making
- D. business cycle
- E. unemployment

59. Christmas season is approaching and Kasia's mom is delighted with the range of offerings on the shelves of the toy store. It seems like every single toy manufacturer had a different strategy for the season. This range of offerings is the result of _____.

- A. self-interest
- B. allocation of resources
- C. decentralized decision making
- D. business cycle
- E. innovation

60. When purchasing a new vehicle, Robert asked the dealer: "So when will the car actually do the driving for me?" The dealer laughed and then showed Robert the new Lexus model that parallel parks for the driver. This example is addressing which issue related to society's attitude towards business?

- A. Self-interest
- B. Allocation of resources
- C. Decentralized decision making
- D. Business cycle
- E. Innovation

61. The shareholders of DCV Corporation have agreed to coordinate their share purchases so that the stock looks more profitable just prior to the merger so that the public will see the company as a desirable investment. This is an example of _____.

- A. misleading financial statements
- B. kickbacks
- C. stock manipulation
- D. bid rigging
- E. stock-splitting

62. 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 wrongdoing?

- A. Misleading financial statements
- B. Kickbacks
- C. Stock manipulation
- D. Bid rigging
- E. There is no wrongdoing

63. The belief in the rightness of an institution, in this case the appropriateness of our business system to supply the goods and services wanted by Canadian society, is called:

- A. Relevancy
- B. Righteousness
- C. Legitimacy
- D. Licencing
- E. None of the above.

64. The privilege of operating in society with minimal formalized restrictions, that is legislation, regulation, or market requirements, based on maintaining public trust by doing what's acceptable to stakeholders in the business and society relationship is called:

- A. Relevancy
- B. Righteousness
- C. Legitimacy
- D. Social Licence
- E. None of the above.

65. Compare and contrast (a) proprietorship, (b) partnership and (c) incorporation.

66. Identify the five primary tasks of the board of directors as outlined in the text.

67. Some critics of the business enterprise system claim that a system based on a capitalistic market leads to inequities. What is the response by supporters of the capitalist system?

68. Name and discuss four factors influencing attitudes towards business systems.

69. Contrast deontological and teleological theories.

70. How does a 'responsible enterprise system' differ from 'stakeholder capitalism'?

71. Why is the term 'ethics of business' preferred over the term 'business ethics'?

72. Why does business need society and society need business?

73. Explain how integrity applies to business students.

74. The business enterprise system has been described in a number of ways. How would you describe our economic system to a new Canadian?

75. What is a responsible corporation?

c1 Key

1. (p. 3) The study of business and society involves an exploration of what is "right" and/or "wrong" in terms of the social and ethical conduct of business.

FALSE

Difficulty: Easy

Learning Objective: 01-01 Describe the complexity of the interrelationships between business and society.

Sexty - Chapter 01 #1

2. (p. 3) Responses to social and environmental issues will determine the corporations which will survive in the future.

TRUE

Difficulty: Moderate

Learning Objective: 01-01 Describe the complexity of the interrelationships between business and society.

Sexty - Chapter 01 #2

3. (p. 4) Integrity refers to the appropriateness of a corporation's behaviour, not to its adherence to moral principles.

TRUE

Difficulty: Easy

Learning Objective: 01-02 Define the terminology relating to the integrity of business.

Sexty - Chapter 01 #3

4. (p. 5) Ethics apply to business in the same manner as they apply to religion.

TRUE

Difficulty: Moderate

Learning Objective: 01-02 Define the terminology relating to the integrity of business.

Sexty - Chapter 01 #4

5. (p. 5) A responsible corporation, a business undertaking that responds to social, ethical, and environmental responsibilities in addition to its economic obligations results in a firm's integrity.

FALSE

Difficulty: Moderate

Learning Objective: 01-02 Define the terminology relating to the integrity of business.

Sexty - Chapter 01 #5

6. (p. 4) The triple-E bottom line (3E) is the evaluation of a corporation's performance according to a summary of the economic, social or ethical, and environmental value the corporation adds or destroys.

TRUE

Difficulty: Easy

Learning Objective: 01-02 Define the terminology relating to the integrity of business.

Sexty - Chapter 01 #6

7. (p. 6) Most people agree on a universal way to approach ethics and therefore, there is widespread agreement as to the appropriate behaviour by business in society.

FALSE

Difficulty: Easy

Learning Objective: 01-03 Differentiate between the three main approaches to ethical thinking.

Sexty - Chapter 01 #7

8. (p. 6) Deontological theories of ethics are rule-based.

TRUE

Difficulty: Easy

Learning Objective: 01-03 Differentiate between the three main approaches to ethical thinking.

Sexty - Chapter 01 #8

9. (p. 6) Virtue ethics emphasizes the *situation* that individuals find themselves in and focuses on what they are doing.

FALSE

Difficulty: Moderate

Learning Objective: 01-03 Differentiate between the three main approaches to ethical thinking.

Sexty - Chapter 01 #9

10. (p. 6) When resolving ethical issues, automatic decisions are reliable.

FALSE

Difficulty: Moderate

Learning Objective: 01-03 Differentiate between the three main approaches to ethical thinking.

Sexty - Chapter 01 #10

11. (p. 6) The teleological approach to ethics is also referred to as a rule-based theory.

FALSE

Difficulty: Easy

Learning Objective: 01-03 Differentiate between the three main approaches to ethical thinking.

Sexty - Chapter 01 #11

12. (p. 6) Virtue ethics focuses upon 'doing' rather than 'being'.

FALSE

Difficulty: Easy

Learning Objective: 01-03 Differentiate between the three main approaches to ethical thinking.

Sexty - Chapter 01 #12

13. (p. 6) One advantage of virtue ethics is that there is general agreement as to what constitutes a virtue.

FALSE

Difficulty: Moderate

Learning Objective: 01-03 Differentiate between the three main approaches to ethical thinking.

Sexty - Chapter 01 #13

14. (p. 6) Utilitarianism is one form of rule-based theories.

FALSE

Difficulty: Moderate

Learning Objective: 01-03 Differentiate between the three main approaches to ethical thinking.

Sexty - Chapter 01 #14

15. (p. 6) The 'greatest good for the greatest number' is a feature of consequentialist theories.

TRUE

Difficulty: Moderate

Learning Objective: 01-03 Differentiate between the three main approaches to ethical thinking.

Sexty - Chapter 01 #15

16. (p. 8) A free enterprise system sees a limited role for government.

TRUE

Difficulty: Easy

Learning Objective: 01-04 Provide a brief description of the Canadian business system.

Sexty - Chapter 01 #16

17. (p. 8) The responsible enterprise system and stakeholder capitalism both acknowledge that business has responsibility beyond making profit for shareholders.

TRUE

Difficulty: Moderate

Learning Objective: 01-04 Provide a brief description of the Canadian business system.

Sexty - Chapter 01 #17

18. (p. 8-9) Adam Smith argued for a system of capitalism that would see an enhanced role for government.

FALSE

Difficulty: Moderate

Learning Objective: 01-04 Provide a brief description of the Canadian business system.

Sexty - Chapter 01 #18

19. (p. 14) Canadians' overall attitude towards business has been basically positive over the last ten years.

FALSE

Difficulty: Difficult

Learning Objective: 01-07 Summarize factors that influence society's attitudes toward business that lead to criticisms of the system.

Sexty - Chapter 01 #19

20. (p. 9-10) The non-profit sector is alternately known as the third sector or the plural sector.

TRUE

Difficulty: Easy

Learning Objective: 01-04 Provide a brief description of the Canadian business system.

Sexty - Chapter 01 #20

21. (p. 10) There are very few legal requirements for an individual establishing or operating a business in Canada.

TRUE

Difficulty: Easy

Learning Objective: 01-05 Explain the role of the corporation as the main economic institution in the business system.

Sexty - Chapter 01 #21

22. (p. 10) A partnership may involve two or more than two individuals sharing the ownership of a business.

TRUE

Difficulty: Easy

Learning Objective: 01-05 Explain the role of the corporation as the main economic institution in the business system.

Sexty - Chapter 01 #22

23. (p. 10-11) In a proprietorship or partnership, the owners assume all responsibility for the firm, but they also receive all profits.

TRUE

Difficulty: Easy

Learning Objective: 01-05 Explain the role of the corporation as the main economic institution in the business system.

Sexty - Chapter 01 #23

24. (p. 11) The concession doctrine implies that incorporation is a right, not a privilege for businesses.

FALSE

Difficulty: Moderate

Learning Objective: 01-05 Explain the role of the corporation as the main economic institution in the business system.

Sexty - Chapter 01 #24

25. (p. 11) The freedom of association doctrine implies that incorporation should occur without government intervention.

FALSE

Difficulty: Moderate

Learning Objective: 01-05 Explain the role of the corporation as the main economic institution in the business system.

Sexty - Chapter 01 #25

26. (p. 11) 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.

TRUE

Difficulty: Easy

Learning Objective: 01-05 Explain the role of the corporation as the main economic institution in the business system.

Sexty - Chapter 01 #26

27. (p. 12) A minority of Canadians are owners of businesses, either directly or indirectly.

FALSE

Difficulty: Easy

Learning Objective: 01-06 Identify the three stakeholders mainly responsible for the operation of Canadian businesses.

Sexty - Chapter 01 #27

28. (p. 13) Strategic planning is a function of the board of directors.

TRUE

Difficulty: Easy

Learning Objective: 01-06 Identify the three stakeholders mainly responsible for the operation of Canadian businesses.

Sexty - Chapter 01 #28

29. (p. 13) The board of directors is responsible to the manager of the corporation.

FALSE

Difficulty: Easy

Learning Objective: 01-06 Identify the three stakeholders mainly responsible for the operation of Canadian businesses.

Sexty - Chapter 01 #29

30. (p. 14) Integrity is becoming an increasingly important attribute for managers to possess.

TRUE

Difficulty: Easy

Learning Objective: 01-06 Identify the three stakeholders mainly responsible for the operation of Canadian businesses.

Sexty - Chapter 01 #30

31. (p. 14-15) Self-interest by firms is an issue that the Canadian public consistently identifies as a negative attribute of the business enterprise system.

FALSE

Difficulty: Moderate

Learning Objective: 01-07 Summarize factors that influence society's attitudes toward business that lead to criticisms of the system.

Sexty - Chapter 01 #31

32. (p. 14) A Hewlett-Packard Co. survey of Canadians found that 90 percent believed the more socially and environmentally responsible a corporation is, the more likely they are to purchase its goods and services.

TRUE

Difficulty: Moderate

Learning Objective: 01-07 Summarize factors that influence society's attitudes toward business that lead to criticisms of the system.

Sexty - Chapter 01 #32

33. (p. 14) There is a positive relationship between living standards and how positive society views business. As living standards increase, the more likely society will view business in a positive manner.

TRUE

Difficulty: Easy

Learning Objective: 01-07 Summarize factors that influence society's attitudes toward business that lead to criticisms of the system.

Sexty - Chapter 01 #33

34. (p. 14-15) Self-interest acts as a motivator in the business enterprise system and provides the drive for profit that encourages individuals to get things done.

TRUE

Difficulty: Easy

Learning Objective: 01-07 Summarize factors that influence society's attitudes toward business that lead to criticisms of the system.

Sexty - Chapter 01 #34

35. (p. 15) A system based on a capitalistic market always leads to the equitable distribution of income.

FALSE

Difficulty: Moderate

Learning Objective: 01-07 Summarize factors that influence society's attitudes toward business that lead to criticisms of the system.

Sexty - Chapter 01 #35

36. (p. 17) Legitimacy requires belief, trust, and confidence in the business system.

TRUE

Difficulty: Moderate

Learning Objective: 01-08 Recognize that business operates with the consent of society.

Sexty - Chapter 01 #36

37. (p. 18) In order for a business to be legitimate, the business enterprise system must report positive profits and pay dividends to shareholders on a consistent basis.

FALSE

Difficulty: Moderate

Learning Objective: 01-08 Recognize that business operates with the consent of society.

Sexty - Chapter 01 #37

38. (p. 18) Social licence is based on ethics, values, expectations, and self-regulation considered preferable to social or government control which is based on regulation, legislation, litigation, and compliance.

TRUE

Difficulty: Moderate

Learning Objective: 01-08 Recognize that business operates with the consent of society.

Sexty - Chapter 01 #38

39. (p. 19) The integrity of future business entrepreneurs, managers, and employees is unrelated to how these individuals behave while in academic programs.

FALSE

Difficulty: Moderate

Learning Objective: 01-09 Understand the relationship between business and academic integrity.

Sexty - Chapter 01 #39

40. (p. 19) There is little concern that a lack of academic integrity will have an influence on business integrity.

FALSE

Difficulty: Moderate

Learning Objective: 01-09 Understand the relationship between business and academic integrity.

Sexty - Chapter 01 #40

41. (p. 19-20) There exists a reciprocal relationship between business and society.

TRUE

Difficulty: Moderate

Learning Objective: 01-10 Describe the integration of business and society.

Sexty - Chapter 01 #41

42. (p. 6) The three dominant approaches to normative theories of ethics include all of the following *except*:

A. Deontological

B. Teleological

C. Justice

D. Virtue

E. All of the above are approaches to normative theories of ethics.

Difficulty: Easy

Learning Objective: 01-03 Differentiate between the three main approaches to ethical thinking.

Sexty - Chapter 01 #42

43. (p. 6) One prominent ethicist who wrote extensively about virtue ethics was:

- A. Kant
- B. Locke
- C. Bentham
- D.** Aristotle
- E. Mills

Difficulty: Easy

Learning Objective: 01-03 Differentiate between the three main approaches to ethical thinking.

Sexty - Chapter 01 #43

44. (p. 6) The 'veil of ignorance' test is a variation of _____ theories.

- A. teleological
- B. virtue
- C.** deontological
- D. consequentialist
- E. justice

Difficulty: Easy

Learning Objective: 01-03 Differentiate between the three main approaches to ethical thinking.

Sexty - Chapter 01 #44

45. (p. 7) Which of the following ethicists wrote that leadership can create opportunities for all to realize their potential?

- A. Kant
- B. Plato
- C. Bentham
- D.** Aristotle
- E. Smith

Difficulty: Moderate

Learning Objective: 01-03 Differentiate between the three main approaches to ethical thinking.

Sexty - Chapter 01 #45

46. (p. 8) Government and business work collaboratively with multiple stakeholders to use resources to meet the needs of the members of a society. This arrangement is called the _____ system of a nation.

- A.** economic
- B. free enterprise
- C. responsible enterprise
- D. capitalist
- E. political

Difficulty: Easy

Learning Objective: 01-04 Provide a brief description of the Canadian business system.

Sexty - Chapter 01 #46

47. (p. 8) The discussion of the business enterprise system in the Business and Society class today was stimulating. John argued that the Canadian government should apply a _____ model whereby economic decision making is left to those individuals or enterprises who own the means of production.

- A. capitalism
- B. free enterprise
- C. laissez-faire capitalism
- D. responsible enterprise
- E. stakeholder capitalism

Difficulty: Difficult

Learning Objective: 01-04 Provide a brief description of the Canadian business system.

Sexty - Chapter 01 #47

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- A. free enterprise; stakeholder capitalism
- B. free enterprise; responsible enterprise
- C. laissez-faire capitalism; stakeholder capitalism
- D. laissez-faire capitalism; responsible enterprise
- E. sustainable; stakeholder model

Difficulty: Difficult

Learning Objective: 01-04 Provide a brief description of the Canadian business system.

Sexty - Chapter 01 #48

49. (p. 8) The discussion of the business enterprise system in the Business and Society class today became interesting when Roberto took the position that the Canadian government should apply a _____ model whereby economic decision making is left to those individuals or enterprises who own the means of production and the government has only the most minimal, strictly limited role.

- A. capitalism
- B. free enterprise
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- D. responsible enterprise
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Difficulty: Difficult

Learning Objective: 01-04 Provide a brief description of the Canadian business system.

Sexty - Chapter 01 #49

50. (p. 8) Eduardo argued that Canadian business has a responsibility that goes beyond making money for investors. Businesses operate within communities. Decisions, such as closing down factories, will affect employees, their families as well as other businesses located in the factory's town. Eduardo is arguing for a _____ model of capitalism.

- A. free enterprise
- B. laissez-faire
- C. responsible enterprise
- D. stakeholder**
- E. sustainable

Difficulty: Difficult

Learning Objective: 01-04 Provide a brief description of the Canadian business system.

Sexty - Chapter 01 #50

51. (p. 10-11) Jane is starting a business to sell handmade greeting cards online. She is forming a(n) _____ in that she is planning to assume all the risks and accept all the rewards of business ownership.

- A. partnership
- B. proprietorship**
- C. going concern
- D. incorporated business
- E. virtual model

Difficulty: Easy

Learning Objective: 01-05 Explain the role of the corporation as the main economic institution in the business system.

Sexty - Chapter 01 #51

52. (p. 11) 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

Difficulty: Moderate

Learning Objective: 01-05 Explain the role of the corporation as the main economic institution in the business system.

Sexty - Chapter 01 #52

53. (p. 11) By incorporating his business, Gordon has taken on partners who will provide financial backing. However, there are governmental requirements that shape the process. This is in contrast to the _____ doctrine that allowed state control over the granting of incorporation.
- A. freedom of association
 - B. going concern
 - C. concession**
 - D. voluntary
 - E. legal

Difficulty: Moderate

Learning Objective: 01-05 Explain the role of the corporation as the main economic institution in the business system.

Sexty - Chapter 01 #53

54. (p. 12) 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

Difficulty: Moderate

Learning Objective: 01-06 Identify the three stakeholders mainly responsible for the operation of Canadian businesses.

Sexty - Chapter 01 #54

55. (p. 12) Lucia is a shareholder in ULO Corporation, but she doesn't know it! She had thought for years that her pension was just sitting in a bank vault somewhere waiting for her to retire. Lucia is a(n) _____ of ULO Corporation.
- A. direct owner
 - B. indirect owner**
 - C. member of the board of directors
 - D. manager
 - E. active stakeholder

Difficulty: Moderate

Learning Objective: 01-06 Identify the three stakeholders mainly responsible for the operation of Canadian businesses.

Sexty - Chapter 01 #55

56. (p. 13-14) Kathleen's responsibility is to manage the business and affairs of KLN Corporation, which manufactures ceramic products for industry. Kathleen is a(n) _____ of KLN Corporation.

- A. direct owner
- B. indirect owner
- C. member of the board of directors
- D. manager**
- E. None of the answers.

Difficulty: Moderate

Learning Objective: 01-06 Identify the three stakeholders mainly responsible for the operation of Canadian businesses.

Sexty - Chapter 01 #56

57. (p. 13) Julian is planning on retiring from his role as chief executive of LVN Corporation. He doesn't know who will take his place or even if the departure should be gradual, but knows that _____ is the responsibility of the _____.

- A. succession planning; manager
- B. succession planning; board of directors**
- C. hiring and termination of leadership; manager
- D. hiring and termination of leadership; board of directors
- E. succession and termination; board of directors

Difficulty: Moderate

Learning Objective: 01-06 Identify the three stakeholders mainly responsible for the operation of Canadian businesses.

Sexty - Chapter 01 #57

58. (p. 15) LK Corporation has recently downsized its operations. The trend towards healthy eating has led to fewer purchases of lollipops and suckers, the principal product of the firm. Knowing that Halloween is approaching and that sales will improve, the company has told the media that the workers will be rehired as soon as sales improve. In planning to rehire the laid off workers, LK Corporation is attributing the layoffs to the _____.

- A. self-interest
- B. allocation of resources
- C. decentralized decision making
- D. business cycle**
- E. unemployment

Difficulty: Moderate

Learning Objective: 01-07 Summarize factors that influence society's attitudes toward business that lead to criticisms of the system.

Sexty - Chapter 01 #58

59. (p. 14) Christmas season is approaching and Kasia's mom is delighted with the range of offerings on the shelves of the toy store. It seems like every single toy manufacturer had a different strategy for the season. This range of offerings is the result of _____.
- A. self-interest
 - B. allocation of resources
 - C. decentralized decision making**
 - D. business cycle
 - E. innovation

Difficulty: Moderate

Learning Objective: 01-07 Summarize factors that influence society's attitudes toward business that lead to criticisms of the system.

Sexty - Chapter 01 #59

60. (p. 17) When purchasing a new vehicle, Robert asked the dealer: "So when will the car actually do the driving for me?" The dealer laughed and then showed Robert the new Lexus model that parallel parks for the driver. This example is addressing which issue related to society's attitude towards business?
- A. Self-interest
 - B. Allocation of resources
 - C. Decentralized decision making
 - D. Business cycle
 - E. Innovation**

Difficulty: Moderate

Learning Objective: 01-07 Summarize factors that influence society's attitudes toward business that lead to criticisms of the system.

Sexty - Chapter 01 #60

61. (p. 15) The shareholders of DCV Corporation have agreed to coordinate their share purchases so that the stock looks more profitable just prior to the merger so that the public will see the company as a desirable investment. This is an example of _____.
- A. misleading financial statements
 - B. kickbacks
 - C. stock manipulation**
 - D. bid rigging
 - E. stock-splitting

Difficulty: Moderate

Learning Objective: 01-07 Summarize factors that influence society's attitudes toward business that lead to criticisms of the system.

Sexty - Chapter 01 #61

62. (p. 15) 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 wrongdoing?
- A. Misleading financial statements
 - B. Kickbacks
 - C. Stock manipulation
 - D. Bid rigging
 - E.** There is no wrongdoing

Difficulty: Moderate

Learning Objective: 01-07 Summarize factors that influence society's attitudes toward business that lead to criticisms of the system.

Sexty - Chapter 01 #62

63. (p. 17) The belief in the rightness of an institution, in this case the appropriateness of our business system to supply the goods and services wanted by Canadian society, is called:
- A. Relevancy
 - B. Righteousness
 - C.** Legitimacy
 - D. Licensing
 - E. None of the above.

Difficulty: Moderate

Learning Objective: 01-08 Recognize that business operates with the consent of society.

Sexty - Chapter 01 #63

64. (p. 18) The privilege of operating in society with minimal formalized restrictions, that is legislation, regulation, or market requirements, based on maintaining public trust by doing what's acceptable to stakeholders in the business and society relationship is called:
- A. Relevancy
 - B. Righteousness
 - C. Legitimacy
 - D.** Social Licence
 - E. None of the above.

Difficulty: Moderate

Learning Objective: 01-08 Recognize that business operates with the consent of society.

Sexty - Chapter 01 #64

65. (p. 10-11) Compare and contrast (a) proprietorship, (b) partnership and (c) incorporation.

Answers will vary

Difficulty: Easy

Learning Objective: 01-05 Explain the role of the corporation as the main economic institution in the business system.

Sexty - Chapter 01 #65

66. (p. 13) Identify the five primary tasks of the board of directors as outlined in the text.

The board's main tasks are to:

- Select, evaluate, and terminate employment of top management, including planning executive succession.
- Provide shareholders with financial statements and an external auditor's report on the financial affairs of the corporation presented in an annual corporate report.
- Direct and evaluate strategic planning including formulating plans, keeping management accountable for implementation, and assessing performance.
- Represent shareholders by participating in any major decisions impacting the corporation's operations relating to ownership, investments, acquisitions, divestments, takeovers, or insolvency.
- Fulfill the fiduciary and legal requirements as outlined in the *Canada Business Corporations Act*.

Difficulty: Easy

Learning Objective: 01-06 Identify the three stakeholders mainly responsible for the operation of Canadian businesses.

Sexty - Chapter 01 #66

67. (p. 15) Some critics of the business enterprise system claim that a system based on a capitalistic market leads to inequities. What is the response by supporters of the capitalist system?

Answers will vary

Difficulty: Moderate

Learning Objective: 01-07 Summarize factors that influence society's attitudes toward business that lead to criticisms of the system.

Sexty - Chapter 01 #67

68. (p. 14-15) Name and discuss four factors influencing attitudes towards business systems.

Standard of living — A prominent argument used in justifying or supporting the business enterprise system is the standard of living that it provides. As living standards increase, it is more likely society will view business in a positive manner.

Decentralized decision making — Another factor of the business system considered desirable is the decentralized decision-making process involved. Millions of businesses make decisions independently of one another, ensuring that a wide variety of goods and services are available. This choice is viewed favourably by consumers.

Allocation of resources — Some argue that the efficient allocation of resources is more likely to occur with a business system, as allocation is based on the price and availability of resources. However, critics of the business system challenge the efficiency claim. They argue that enterprises control prices, for example in oligopolistic industries, or that business enterprises control the availability of resources, creating artificial scarcities.

Self-interest — In a business enterprise system, the individual can behave in his or her own self-interest. Self-interest acts as a motivator, and provides the drive for profit that encourages individuals to get things done. In a competitive business enterprise system, consumers choose among businesses that provide basically the same goods and services.

Difficulty: Easy

Learning Objective: 01-07 Summarize factors that influence society's attitudes toward business that lead to criticisms of the system.

Sexty - Chapter 01 #68

69. (p. 6) Contrast deontological and teleological theories.

Answers will vary

Difficulty: Easy

Learning Objective: 01-03 Differentiate between the three main approaches to ethical thinking.

Sexty - Chapter 01 #69

70. (p. 8) How does a 'responsible enterprise system' differ from 'stakeholder capitalism'?

•Responsible enterprise system—An economic system operating as a free enterprise system but incorporating the element of accountability. This definition implies that business enterprises are responsible to society for their actions and are answerable or accountable for being the cause, agent, or source of something.

•Stakeholder capitalism —An economic system in which corporations accept broader obligations beyond financial ones for shareholders. Corporations are expected to balance the interests of shareholders with those of other stakeholders in the business system, for example employees, suppliers, customers, and the community at large. In stakeholder capitalism, corporations are expected to behave with greater social responsibility and be sensitive to the ethical consequences of their actions.

Difficulty: Moderate

Learning Objective: 01-04 Provide a brief description of the Canadian business system.

Sexty - Chapter 01 #70

71. (p. 4) Why is the term 'ethics of business' preferred over the term 'business ethics'?

Answers will vary

Difficulty: Easy

Learning Objective: 01-02 Define the terminology relating to the integrity of business.

Sexty - Chapter 01 #71

72. (p. 19-20) Why does business need society and society need business?

An article by Porter and Kramer made a good case for business and society needing each other. Business needs a healthy society in which education and health-care systems exist. There should be equal opportunity in the workforce and safe products for consumers. Carefully developed government policies increase the efficiency of business. This creates demand for products and services, and corporations pursuing profits at the expense of society are naïve. On the other hand, society needs successful companies. Business is needed to create jobs, wealth, and innovations that improve the standard of living for society. If business is weakened by governments and non-governmental organizations jobs disappear, competitiveness is lost, wages stagnate, and wealth declines.

Difficulty: Easy

Learning Objective: 01-10 Describe the integration of business and society.

Sexty - Chapter 01 #72

73. (p. 19) Explain how integrity applies to business students.

Answers will vary

Difficulty: Easy

Learning Objective: 01-09 Understand the relationship between business and academic integrity.

Sexty - Chapter 01 #73

74. (p. 10-12) The business enterprise system has been described in a number of ways. How would you describe our economic system to a new Canadian?

Answers will vary

Difficulty: Difficult

Learning Objective: 01-05 Explain the role of the corporation as the main economic institution in the business system.

Sexty - Chapter 01 #74

75. (p. 5) What is a responsible corporation?

Answers will vary

Difficulty: Easy

Learning Objective: 01-02 Define the terminology relating to the integrity of business.

Sexty - Chapter 01 #75

c1 Summary

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