

**OLLSCOIL NA hÉIREANN, GAILLIMH
NATIONAL UNIVERSITY OF IRELAND, GALWAY**

SUMMER EXAMINATIONS 2002/03

BACHELOR OF COMMERCE YEAR II

MG204 - BUSINESS & SOCIETY

**Professor P. Willman
Professor R. Green
Dr. J. Cunningham
Dr. R. Hilliard
Mr. B. Harney**

Time Allowed: TWO HOURS

Section A

Candidates are required to answer TWO questions from this section

(Total Marks 66)

Section B

Compulsory Multiple Choice

Instructions

- Choose the best answer from the five responses listed.
- 34 Questions 1 % for Correct Answer
 0% for No Answer
 -1/4% for Incorrect Answer
- Use the Answer Sheet provided.
- Hand up Answer Sheet Only with Student Identification (ID#) Number.
- Student Identification Number (ID#) begin with a leading '0'.
- Preferably use pencil.
- Please answer on separate answer sheet provided

(Total Marks 34)

Section A
Please answer TWO questions

Students should answer each question on a separate answer book

1. What is the business-society-government field? Why do businesses need to take notice of their BSG and what are the consequences of not honouring the social contract?
2. *"Business has become in the last century the most powerful institution on the planet. The dominant institution in every society needs to take responsibility for the whole... Every decision that is taken, every action that is taken, must be viewed in the light of that kind of responsibility"* (David C. Korten, 1996).

What is meant by corporate social responsibility? Discuss the historical evolution of the concept and why it is significant today. What are the perceived merits and disadvantages of corporate social responsibility.

3. *"No company that defines 'right' and 'wrong' in terms that would satisfy the most demanding of ...individual consciences would survive for very long. The economic imperatives of business are what makes business ethics different from ethics in other areas"*(Paul Finley, 2003)

Discuss this statement. In your answer define business ethics and discuss potential sources of ethical values. Also describe the various factors that shape ethical conduct in corporations, indicating *four* of the principles of ethical conduct which managers may use to guide their actions.

(33 Marks)

(Please Turn Over)

SECTION B: COMPULSORY MULTIPLE CHOICE

Choose the best answer from the responses listed. Use the MCQ Answer Sheet provided.

1. The market capitalism model is based on the assumption that
 - A) government intervention in the market is the key to corporate social responsibility.
 - B) market performance is the best measure of social performance.
 - C) corporations must voluntarily devote considerable resources to solving social problems.
 - D) the goal of profit maximization should be balanced with the goal of solving social problems.
 - E) all the above.

2. The word "stakeholder" refers to
 - A) a set of laws governing corporate social responsibility.
 - B) an elite socio-economic class.
 - C) a group or individual affected by the operation of a business.
 - D) the marketplace for goods and services
 - E) a theoretical class in Marxist theory.

3. The dominance model reflects the beliefs of
 - A) business executives.
 - B) business critics such as the populists.
 - C) those who believe capitalism distributes wealth and power fairly.
 - D) those who believe business is weakened by government regulations.
 - E) the upper socio-economic classes.

4. According to the stakeholder model the priority of management is to
 - A) satisfy long-term investor interests.
 - B) satisfy short-term investor interests.
 - C) represent the interests of a wealthy upper class.
 - D) fulfill ethical duties toward a broad range of stakeholders.
 - E) promote the national and foreign policy goals of governments.

5. Today the BGS field
 - A) is highly interdisciplinary.
 - B) is narrowly focused on the business-government relationship.
 - C) has an integrating general theory to explain important relationships.
 - D) all the above.
 - E) none of the above.

(Please Turn Over)

Section A
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(Please Turn Over)

6. Post-modern values
- A) have raised ethical expectations about the global operations of transnational corporations.
 - B) arise only in Western cultures.
 - C) are found mainly in Eastern societies.
 - D) are found mainly in traditional societies with stable institutions.
 - E) are characteristic of societies with authoritarian institutions.
7. The contemporary global economic environment is characterized by
- A) decreasing output.
 - B) decline in foreign direct investment.
 - C) contraction of markets.
 - D) an increase in the number and size of transnational firms.
 - E) a reduction in merger and acquisition activity.
8. Because of globalisation, nation states tend to aggrandise themselves more
- A) by taking raw materials from colonies.
 - B) by seizing territories rich in mineral and material resources.
 - C) by promoting trade through transnational corporations.
 - D) by isolating themselves behind trade barriers.
 - E) by increasing the size of their military forces.
9. Industrial growth creates strains in the social fabric because
- A) institutions change more slowly than people's lives.
 - B) people's life experiences change.
 - C) people's values change.
 - D) all the above.
 - E) none of the above.
10. Exercise of corporate power on the deep level
- A) is unplanned.
 - B) is predictable.
 - C) has little impact on society.
 - D) is easier to discern than power exercised at the surface level.
 - E) is easier to control than power exercised at the surface level.
11. The pluralist theory of corporate power holds that
- A) business power is unchecked.
 - B) business power is checked primarily by ideas found in education and religion.
 - C) business power is limited by the presence of other strong institutions in society.
 - D) corporate power is exercised by a conspiratorial capitalist class.
 - E) a wealthy elite has excessive influence.

(Please Turn Over)

12. In the global economy
- A) concentration of assets has fallen in recent years.
 - B) a merger wave has arisen due to increased size of markets.
 - C) technologies lowering transportation costs have increased competition and discouraged mergers.
 - D) the largest 100 transnational corporations control about 50 percent of total foreign assets.
 - E) corporations cannot grow to dominate markets because most nations prohibit mergers with companies having foreign ownership.
13. McDonald's Corporation
- A) symbolizes for critics the evils of globalisation.
 - B) is the world's largest corporation.
 - C) earns most of its revenues in the United States.
 - D) has refused to change its menu to adapt to local tastes in other nations.
 - E) introduced the custom of using fireworks for celebrations in China
14. Plato and Aristotle believed that
- A) pursuit of wealth led to unhappiness.
 - B) merchants deserved wealth they accumulated providing goods and services.
 - C) acquisition of wealth was noble if the rich later engaged in charity.
 - D) the profit motive was justified because it was part of human nature.
 - E) the drive for wealth saved societies from the poverty that creates internal conflicts.
15. A strength of progressive activist critics is that they
- A) appear to be representing the public interest.
 - B) have enormous financial resources.
 - C) have more political influence than corporations.
 - D) are more familiar to the public than large corporations.
 - E) in American history the balance of power has tilted toward the ideas of critics.
16. Over the years the idea of business social responsibility has
- A) evolved to become more expansive.
 - B) become more limited in scope.
 - C) gradually lost favor among scholars and the public.
 - D) become less relevant because of expanded knowledge about the impact of business on society.
 - E) lacked focus and been impossible to define.

(Please Turn Over)

17. In Japan the meaning of social responsibility
- A) is broader than in the U.S.
 - B) emphasizes duties to consumers.
 - C) emphasizes responsibility to employees.
 - D) emphasizes duties to protect nature.
 - E) reduces emphasis on economic performance compared with U.S. companies.
18. The idea of global corporate citizenship
- A) requires each corporation to follow cultural guidelines of responsibility appropriate to their home countries.
 - B) further expands the idea of corporate social responsibility.
 - C) suggests that corporations have rights, but not duties.
 - D) suggests that corporations have duties, but not rights.
 - E) acknowledges that there is no set of international social values that transcends the values of individual nations.
19. It is correct that
- A) all corporations have formal, institutionalised processes for weighing social demands.
 - B) executive leadership is a key element in determining a firm's social responsiveness.
 - C) mission statements at most companies mandate specific social programs.
 - D) companies today face few pressures for voluntary social programs.
 - E) none of the above are correct statements.
20. Issues management
- A) allows corporations to shape public opinion.
 - B) is done more effectively by government than by business.
 - C) leads to vague, unfocused corporate responses.
 - D) is a process usually undertaken to avoid social responsibility.
 - E) is an ineffective response to social pressures.
21. Ethics is
- A) the study of human customs and habits.
 - B) the study of principles of behaviour.
 - C) the study of what is just and unjust.
 - D) the study of cultural values.
 - E) the study of facts about human actions.

(Please Turn Over)

22. The view that commerce is amoral and business activity is solely for economic self-interest is
- A) utilitarianism.
 - B) a variant of the Golden Rule.
 - C) the theory of moral unity.
 - D) the theory of amorality.
 - E) the theory of ethical relativism.
23. Critics of high CEO pay in the United States make which argument?
- A) Too many CEOs receive high compensation while company profits fall.
 - B) Too many compensation committees are composed of cronies of the CEO.
 - C) Many CEOs have been fired for poor performance but have received large severance packages.
 - D) The gap between CEO pay and worker compensation is growing too large.
 - E) all of the above.
24. The earliest period of government regulation was marked by
- A) antitrust legislation.
 - B) the government's promotion of business.
 - C) removal of all enacted regulations.
 - D) laws making it harder for business to incorporate.
 - E) none of the above.
25. Government regulations
- A) prescribe rules of the game for business.
 - B) help business by mandating large purchases of products.
 - C) promote and subsidize business.
 - D) arbitrate disputes among businesses.
 - E) all the above.
26. Functional regulation
- A) focuses on individual industries.
 - B) is primarily concerned with correcting natural monopoly situations.
 - C) regulates the same area of activity by companies in many industries.
 - D) is less costly than traditional industry regulation.
 - E) was first introduced during the Reagan administration.
27. Which of the following is a trend in government today?
- A) increased simplicity.
 - B) centralization of authority.
 - C) increased diffusion of power.
 - D) restriction of influence by economic interests.
 - E) reduction of government impact on business activity.

(Please Turn Over)

28. Which of the following is the earliest among the developmental stages of MNCs?
- A) multi-nationalizes management.
 - B) licenses use of patents to foreign firms.
 - C) multi-nationalizes ownership of corporate stock.
 - D) exports its products.
 - E) establishes foreign manufacturing facilities.
29. Which of the following statements is correct?
- A) Multinational corporations operate around the world.
 - B) Global corporations operate around the world.
 - C) Transnational companies do business in all countries.
 - D) All the above are correct.
30. According to Professor Michael Porter, competitive economic advantage of nations is due to
- A) delayed development of consumer economies.
 - B) the presence of a large unskilled labor force.
 - C) the need to overcome the lack of natural resources.
 - D) the presence of industrial clusters.
 - E) extensive protection from market forces for developing industries.
31. Pollution first became a significant problem for humans
- A) during the hunter-gatherer period.
 - B) after the agricultural revolution.
 - C) with the beginning of the industrial revolution.
 - D) in the post-industrial era.
32. Industrial activity has
- A) overwhelmed the carbon cycle.
 - B) overwhelmed the nitrogen cycle.
 - C) degraded rainforests and grasslands.
 - D) all the above.
 - E) none of the above.
33. Industrial growth creates strains in the social fabric because
- A) institutions change more slowly than people's lives.
 - B) people's life experiences change.
 - C) people's values change.
 - D) all the above.
 - E) none of the above.
34. The idea that humans are biased in favor of their own species is
- A) speciesism.
 - B) ecoracism.
 - C) biosocialism.
 - D) geneticism.
 - E) dominionism.

-Section B Ends-