

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

SEMESTER II EXAMINATIONS 2004-05

BACHELOR OF COMMERCE YEAR II

MG204 - BUSINESS & SOCIETY

**Professor Jonathan Winterton
Professor Roy Green
Ms. Josephine Igoe**

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. Outline your understanding of the business-society-government field? Citing relevant examples explain its relevance to the contemporary business environment.

2. 'Good Corporate Social Responsibility is good business'.
Discuss to what extent you agree or disagree with this statement.
Give specific reference to the relationship between the practice of Corporate Social Responsibility and the financial performance of firms.

3. Write a briefing note for managers on any three of the following topics.
 - (i) Business ethics is an oxymoron, and serves only as a means to an end in daily business decisions.
 - (ii) Globalisation and its role in compounding the ethics decisions for business managers.
 - (iii) The nature of business power.
 - (iv) Multinational companies and government relationships, a source of political and social advantage for the good of society.

(33 Marks)

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(Please Turn Over)

SECTION B: COMPULSORY MULTIPLE CHOICE

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

1. The social contract
 - A) is a clear statement of specific business responsibilities.
 - B) is a provision inserted in corporate charters.
 - C) defines broad relationships between business and society.
 - D) is a written resolution of disputes with government.
 - E) can be enforced by federal courts

2. The word "stakeholder" refers to
 - A) a set of laws governing corporate social responsibility.
 - B) an elite socioeconomic 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. In the market capitalism model it is not assumed that
 - A) government interference in the economy should be minimal.
 - B) individuals have great freedom to seek their self-interest.
 - C) individuals can own private property.
 - D) greed motivates people.
 - E) competition lowers the quality of products.

4. Because of globalization, nation states tend to aggrandize 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.

5. Which entity is not part of the internal business environment?

A) managers.	D) employees.
B) boards of directors.	E) government regulators.
C) owners.	

6. Business power
 - A) is derived from the social contract.
 - B) stems from conversion of resources into goods and services.
 - C) is a force that alters history.
 - D) all of the above.
 - E) none of the above.

(Please turn over)

7. Legitimacy refers to
 - A) power exercised by governments.
 - B) the rightful use of power.
 - C) the exercise of power beyond right.
 - D) potential power.
 - E) any use of power in response to stakeholder demands.

8. 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.

9. The dominance theory of corporate power is that
 - A) government is stronger than business and checks its power.
 - B) business power is checked by consumers.
 - C) business is preeminent in society and its power is inadequately checked.
 - D) public opinion controls society and corporations.
 - E) religious values are the strongest check on corporate activity.

10. In classical capitalism the primary duty of business was to

A) ensure a strong national defense.	D) maximize profits within the law.
B) eliminate poverty.	E) produce wisdom.
C) create technological advance.	

11. 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.

12. Economist Milton Friedman asserts that
 - A) corporations should be socially responsible.
 - B) social programs increase both short-and long-term profitability.
 - C) business and government should work together to solve social problems.
 - D) stockholders' interest dictates the need for expansive corporate social action.
 - E) social responsibility is contrary to the basic functions of business.

(Please turn over)

13. According to general principles of corporate social responsibility in the text
- companies should externalize internal costs.
 - the maximum required of any corporation is obedience to the law.
 - corporate behavior must comply with norms in an underlying social contract.
 - social objectives should take precedence over financial objectives.
 - none of the above.
14. It is correct that
- all corporations have formal, institutionalized processes for weighing social demands.
 - executive leadership is a key element in determining a firm's social responsiveness.
 - mission statements at most companies mandate specific social programs.
 - companies today face few pressures for voluntary social programs.
 - none of the above are correct statements.
15. Ethics is
- the study of human customs and habits.
 - the study of principles of behavior.
 - the study of what is just and unjust.
 - the study of cultural values.
 - the study of facts about human actions.
16. The belief that high levels of personal ethics can be harmonized with business life is the
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|-------------------------------|---------------------------|
| A) theory of amorality. | D) theory of moral unity. |
| B) theory of moral closure. | E) theory of utility. |
| C) theory of ethical primacy. | |
17. Which of the following is associated with higher levels of ethical behavior in business?
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|---------------------------------------|---------------------------------|
| A) Younger age. | D) Being male. |
| B) Less work experience. | E) Being in a European company. |
| C) A company code of ethical conduct. | |
18. Which of the following is not a benefit that defenders of MNCs say accrues to host countries?
- They help build foreign exchange reserves.
 - They introduce new technical skills.
 - They provide employment.
 - They increase host-country GDPs.
 - All the above are claimed as benefits.

(Please turn over)

19. Critics of globalization complain that
- A) workers in developed countries are displaced by low-paid workers in less developed countries.
 - B) the income gap between workers in developed countries and undeveloped countries has widened.
 - C) globalization has resulted in environmental degradation.
 - D) world financial instability has been one result of globalization.
 - E) all of the above.
20. Automation and technological change
- A) increase assembly-line employment.
 - B) have caused the total number of jobs in the U.S. to shrink since 1980.
 - C) have increased employment in mining and auto assembly.
 - D) have not affected employment in service industries.
 - E) none of the above.
21. In Japan, as compared with the United States,
- A) workers exhibit less loyalty to employers.
 - B) workers work fewer hours per week.
 - C) workers take more time off and vacations.
 - D) there is no connection between historic cultural values and workplace arrangements.
 - E) workers at large companies receive few or no fringe benefits.
22. Research on differences between male and female managers shows that
- A) males are more committed to their work.
 - B) males are more effective managers.
 - C) female managers work better with people.
 - D) all the above.
 - E) there is no basis for concluding that men and women managers act differently
23. Enron's board of directors
- A) approved the chief financial officer's management of investment partnerships in which he had a conflict of interest.
 - B) limited how much company stock employees could hold in their 401k plans.
 - C) appointed a committee of its members to investigate its actions which concluded that it fully carried out its oversight duties.
 - D) consisted of three inside and three outside directors.
 - E) all the above.

(Please turn over)

24. Most corporate boards
- control day-to-day operations of the company.
 - are dominated by CEOs.
 - have more information about company operations than does management.
 - dominate the daily decision-making process in companies.
25. Duties of corporate directors are to
- act in a fiduciary capacity for shareholders.
 - develop policies for top executive compensation.
 - appraise the performance of the CEO.
 - all the above.
 - none of the above.
26. Which of the following is not a responsibility of a board of directors?
- Select the CEO.
 - Review major strategies.
 - Evaluate CEO performance.
 - Review executive compensation.
 - All the above are board responsibilities
27. As defined in Steiner and Steiner (2002), society includes
- ideas.
 - institutions.
 - material things.
 - all the above.
 - none of the above.
28. The dominance model reflects the beliefs of
- business executives.
 - business critics such as the populists.
 - those who believe capitalism distributes wealth and power fairly.
 - those who believe business is weakened by government regulations.
 - the upper socioeconomic classes.
29. The basic political conflict in every nation is
- rich versus poor.
 - optimism versus pessimism.
 - liberty versus authority
 - individualism versus collectivism.
 - order versus disorder.
30. Technological change
- slows social and political change.
 - comes in waves.
 - tends to reinforce existing social institutions.
 - retards economic growth.
 - tends to reinforce existing social values.

(Please turn over)

31. McDonald's Corporation
- A) symbolizes for critics the evils of globalization.
 - 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
32. Which of the following entities is not part of the antiglobalism coalition?
- A) Environmentalists.
 - B) Human rights groups.
 - C) Consumer advocates.
 - D) Animal rights activists.
 - E) The World Trade Organization.
33. Social Darwinism held that
- A) corporations should run government social programs.
 - B) business leaders should lead charity causes in every community.
 - C) communities were entitled to a portion of corporate profits made in them.
 - D) ruthless businesses had less value to society than highly ethical ones.
 - E) charity interfered with evolution.
34. Which is not a primary stakeholder?
- A) government.
 - B) employees.
 - C) customers.
 - D) communities.
 - E) all are primary stakeholders.

Section B ends