# Test Bank for Business and Society - Stakeholders, Ethics, Public Policy 16th Lawrence

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***Business & Society, 16e* (Lawrence)**
**Chapter 2 Managing Public Issues and Stakeholder Relationships**

1) A public issue exists when there is agreement between the stakeholders' expectations of what a business firm should do and the actual performance of that business firm.

Answer: FALSE
Difficulty: 1 Easy
Learning Objective: 02-01 Identifying public issues and analyzing gaps between corporate performance and stakeholder expectations.
Accessibility: Keyboard Navigation
Gradable: automatic

2) Emerging public issues are both a risk and an opportunity.

Answer: TRUE
Difficulty: 1 Easy
Learning Objective: 02-01 Identifying public issues and analyzing gaps between corporate performance and stakeholder expectations.
Accessibility: Keyboard Navigation
Gradable: automatic

3) Understanding and responding to changing societal expectations is a business necessity.

Answer: TRUE
Difficulty: 1 Easy
Learning Objective: 02-01 Identifying public issues and analyzing gaps between corporate performance and stakeholder expectations.
Accessibility: Keyboard Navigation
Gradable: automatic

4) Because the public issues that garner the most public attention change over time, companies do not waste time tracking them.

Answer: FALSE
Difficulty: 1 Easy
Learning Objective: 02-01 Identifying public issues and analyzing gaps between corporate performance and stakeholder expectations.
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5) Organizations always have full control of a public issue.

Answer: FALSE
Difficulty: 1 Easy
Learning Objective: 02-01 Identifying public issues and analyzing gaps between corporate performance and stakeholder expectations.
Accessibility: Keyboard Navigation
Gradable: automatic

6) Environmental analysis is a method managers use to gather information about external issues and trends.

Answer: TRUE
Difficulty: 1 Easy
Learning Objective: 02-02 Applying available tools or techniques to scan an organization's multiple environments and assessing stakeholder materiality.
Accessibility: Keyboard Navigation
Gradable: automatic

7) Environmental intelligence is the acquisition of information gained from analyzing the multiple environments affecting organizations.

Answer: TRUE
Difficulty: 1 Easy
Learning Objective: 02-02 Applying available tools or techniques to scan an organization's multiple environments and assessing stakeholder materiality.
Accessibility: Keyboard Navigation
Gradable: automatic

8) Legal environment includes the structure, processes, and actions of government at the local, state, national, and international levels.

Answer: FALSE
Difficulty: 1 Easy
Learning Objective: 02-02 Applying available tools or techniques to scan an organization's multiple environments and assessing stakeholder materiality.
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9) Competitive intelligence enables managers in companies of all sizes to make informed decisions in all areas of the business.

Answer: TRUE
Difficulty: 1 Easy
Learning Objective: 02-02 Applying available tools or techniques to scan an organization's multiple environments and assessing stakeholder materiality.
Accessibility: Keyboard Navigation
Gradable: automatic

10) Stakeholder materiality is a method companies use to prioritize the relevance of the stakeholders and their issues.

Answer: TRUE
Difficulty: 1 Easy
Learning Objective: 02-02 Applying available tools or techniques to scan an organization's multiple environments and assessing stakeholder materiality.
Accessibility: Keyboard Navigation
Gradable: automatic

11) In the issue management process, identifying the issue involves anticipating emerging issues.

Answer: TRUE
Difficulty: 1 Easy
Learning Objective: 02-03 Describing the steps in the issue management process and determining how to make the process most effective.
Accessibility: Keyboard Navigation
Gradable: automatic

12) Financially sound companies do not need to understand how a public issue is likely to evolve, or how it will affect them.

Answer: FALSE
Difficulty: 1 Easy
Learning Objective: 02-04 Identifying the managerial skills required to respond to emerging issues effectively.
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Gradable: automatic


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13) For stakeholder engagement to occur, both the business and the stakeholder must be motivated to work with one another to solve the problem.

Answer: TRUE
Difficulty: 1 Easy
Learning Objective: 02-05 Understanding the various stages through which businesses can engage with stakeholders, what drives this engagement, and the role social media can play.
Accessibility: Keyboard Navigation
Gradable: automatic

14) Dialogue between a single firm and its stakeholders is always sufficient to address an issue effectively.

Answer: FALSE
Difficulty: 1 Easy
Learning Objective: 02-06 Recognizing the value of creating stakeholder dialogue and networks.
Accessibility: Keyboard Navigation
Gradable: automatic

15) Companies are learning that it is important to take a strategic approach to the management of public issues, both domestically and globally.

Answer: TRUE
Difficulty: 1 Easy
Learning Objective: 02-06 Recognizing the value of creating stakeholder dialogue and networks.
Accessibility: Keyboard Navigation
Gradable: automatic

16) Public issues are also sometimes referred to as:
A) Social issues.
B) Sociopolitical issues.
C) Social issues and sociopolitical issues.
D) None of these answers is correct.

Answer: C
Difficulty: 1 Easy
Learning Objective: 02-01 Identifying public issues and analyzing gaps between corporate performance and stakeholder expectations.
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17) The emergence of a public issue indicates that:
A) A gap may be developing between what stakeholders expect and what an organization is actually doing.
B) Technology is forcing ethics and business strategy closer together.
C) Consumers are unaware of how an organization's actions affect them.
D) All of these answers are correct.

Answer: A
Difficulty: 1 Easy
Learning Objective: 02-01 Identifying public issues and analyzing gaps between corporate performance and stakeholder expectations.
Accessibility: Keyboard Navigation
Gradable: automatic

18) Failure to understand the beliefs and expectations of stakeholders:
A) Causes a company's profits to increase in the short run.
B) Causes a company's profits to decrease in the short run.
C) Causes the performance-expectations gap to grow larger.
D) Decreases the chance of a corporate buy-out.

Answer: C
Difficulty: 2 Medium
Learning Objective: 02-01 Identifying public issues and analyzing gaps between corporate performance and stakeholder expectations.
Accessibility: Keyboard Navigation
Gradable: automatic

19) Because of the risks and opportunities public issues present, organizations need:
A) A strong relationship with a lobbying firm or an in-house lobbying department.
B) Executives to be rewarded with substantial bonuses as part of total compensation.
C) A systematic way of identifying, monitoring, and selecting public issues.
D) Tougher government regulations and oversight by political action committees.

Answer: C
Difficulty: 3 Hard
Learning Objective: 02-02 Applying available tools or techniques to scan an organization's multiple environments and assessing stakeholder materiality.
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20) Customer environmental intelligence includes:
A) Demographic factors.
B) An analysis of the firm's competitors.
C) New technological applications.
D) The cost of producing consumer goods.

Answer: A
Difficulty: 2 Medium
Learning Objective: 02-02 Applying available tools or techniques to scan an organization's multiple environments and assessing stakeholder materiality.
Accessibility: Keyboard Navigation
Gradable: automatic

21) According to management scholar Karl Albrecht, scanning to acquire environmental intelligence should focus on:
A) Eight strategic radar screens.
B) Six management templates.
C) Eight process improvement models.
D) Six ethical decision indicators.

Answer: A
Difficulty: 3 Hard
Learning Objective: 02-02 Applying available tools or techniques to scan an organization's multiple environments and assessing stakeholder materiality.
Accessibility: Keyboard Navigation
Gradable: automatic

22) The explosive use of social media is an example of which environment?
A) Customer.
B) Competitor.
C) Economic.
D) Social.

Answer: A
Difficulty: 2 Medium
Learning Objective: 02-02 Applying available tools or techniques to scan an organization's multiple environments and assessing stakeholder materiality.
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23) An analysis of the stability or instability of a government is an example of scanning which environment?
A) Social.
B) Legal.
C) Geophysical.
D) Political.

Answer: D
Difficulty: 1 Easy
Learning Objective: 02-02 Applying available tools or techniques to scan an organization's multiple environments and assessing stakeholder materiality.
Accessibility: Keyboard Navigation
Gradable: automatic

24) Legal environmental intelligence includes:
A) Patterns of aggressive growth versus static maintenance.
B) Analysis of local, state, national, and international politics.
C) Considerations of patents, copyrights, or trademarks.
D) Information regarding costs, prices, and international trade.

Answer: C
Difficulty: 2 Medium
Learning Objective: 02-02 Applying available tools or techniques to scan an organization's multiple environments and assessing stakeholder materiality.
Accessibility: Keyboard Navigation
Gradable: automatic

25) The role of special interest groups is an important element in acquiring intelligence from which environment?
A) Customer.
B) Competitor.
C) Economic.
D) Social.

Answer: D
Difficulty: 2 Medium
Learning Objective: 02-02 Applying available tools or techniques to scan an organization's multiple environments and assessing stakeholder materiality.
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26) The relevance and importance of stakeholders and their issues is known as:
A) Stakeholder salience.
B) Competitive intelligence.
C) Stakeholder materiality.
D) Organizational capacity.

Answer: C
Difficulty: 2 Medium
Learning Objective: 02-02 Applying available tools or techniques to scan an organization's multiple environments and assessing stakeholder materiality.
Accessibility: Keyboard Navigation
Gradable: automatic

27) The issue management process is a:
A) Beneficial tool used only to maximize the positive effects of a public issue for the organization's advantage.
B) Beneficial tool used only to minimize the negative effects of a public issue for the organization's advantage.
C) Systematic process companies use when responding to public issues that are of greatest importance to the business.
D) Confusing process that is rarely used to help top management within an organization.

Answer: C
Difficulty: 3 Hard
Learning Objective: 02-03 Describing the steps in the issue management process and determining how to make the process most effective.
Accessibility: Keyboard Navigation
Gradable: automatic

28) The components of a typical issues management process include:
A) Identify issue, take action, scan for new issues.
B) Generate options, predict the firm's profitability, evaluate results.
C) Identify issue, analyze issue, allow the government to take action.
D) All of these answers are correct.

Answer: D
Difficulty: 3 Hard
Learning Objective: 02-03 Describing the steps in the issue management process and determining how to make the process most effective.
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29) Once an issue has been identified, its implications must be:
A) Acted upon.
B) Analyzed.
C) Segmented.
D) Deleted.

Answer: B
Difficulty: 3 Hard
Learning Objective: 02-03 Describing the steps in the issue management process and determining how to make the process most effective.
Accessibility: Keyboard Navigation
Gradable: automatic

30) An issue's public profile indicates to managers:
A) How significant an issue is for the organization, but it does not tell them what to do.
B) Both how significant an issue is for the organization and exactly what to do.
C) Exactly what to do without indicators of how significant an issue is for the organization.
D) Any of these choices, depending on the organization type.

Answer: A
Difficulty: 3 Hard
Learning Objective: 02-03 Describing the steps in the issue management process and determining how to make the process most effective.
Accessibility: Keyboard Navigation
Gradable: automatic

31) Once an organization has implemented the issue management program, it must:
A) Use trade associations or consultants to follow high priority issues.
B) Study the results and make necessary adjustments.
C) Not limit the number of public issues the firm can address.
D) Pick a selected number of issues to address immediately.

Answer: B
Difficulty: 1 Easy
Learning Objective: 02-03 Describing the steps in the issue management process and determining how to make the process most effective.
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32) When working well, the issue management process:
A) Is static and never pulls in additional information that would disturb the balance.
B) Generates two specific options for each issue.
C) Minimizes dialogue with the stakeholders and focuses on short-term survival.
D) Continuously cycles back to the beginning and repeats.

Answer: D
Difficulty: 2 Medium
Learning Objective: 02-03 Describing the steps in the issue management process and determining how to make the process most effective.
Accessibility: Keyboard Navigation
Gradable: automatic

33) Contemporary issue management:
A) Is a linear process.
B) Was useful in the 1970s, but not today.
C) Is used by all government agencies.
D) Is an interactive, forward-thinking process.

Answer: D
Difficulty: 2 Medium
Learning Objective: 02-03 Describing the steps in the issue management process and determining how to make the process most effective.
Accessibility: Keyboard Navigation
Gradable: automatic

34) A leadership role in addressing emerging management issues is often taken by:
A) The public affairs department.
B) The government relations department.
C) The department of sustainability or environmental, health and safety.
D) All of these answers are correct.

Answer: D
Difficulty: 1 Easy
Learning Objective: 02-04 Identifying the managerial skills required to respond to emerging issues effectively.
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35) A corporation's issue management activities are usually overseen by:
A) The board of directors.
B) Top management.
C) Both the board of directors and top management levels.
D) The strategic governance committee.

Answer: C
Difficulty: 2 Medium
Learning Objective: 02-04 Identifying the managerial skills required to respond to emerging issues effectively.
Accessibility: Keyboard Navigation
Gradable: automatic

36) Over time, the nature of business's relationship with its stakeholders often:
A) Remains static.
B) Evolves through a series of stages.
C) Becomes more hostile.
D) None of these answers is correct.

Answer: B
Difficulty: 2 Medium
Learning Objective: 02-05 Understanding the various stages through which businesses can engage with stakeholders, what drives this engagement, and the role social media can play.
Accessibility: Keyboard Navigation
Gradable: automatic

37) Companies that believe they can make decisions unilaterally, without taking into consideration their impact on others, are:
A) Interactive.
B) Proactive.
C) Reactive.
D) Inactive.

Answer: D
Difficulty: 2 Medium
Learning Objective: 02-05 Understanding the various stages through which businesses can engage with stakeholders, what drives this engagement, and the role social media can play.
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38) Firms that generally act only when forced to do so, and then in a defensive manner, are:
A) Interactive.
B) Proactive.
C) Reactive.
D) Inactive.

Answer: C
Difficulty: 2 Medium
Learning Objective: 02-05 Understanding the various stages through which businesses can engage with stakeholders, what drives this engagement, and the role social media can play.
Accessibility: Keyboard Navigation
Gradable: automatic

39) Proactive companies are:
A) Much less likely to be blindsided by crises and negative surprises.
B) Much more likely to be blindsided by crises and negative surprises.
C) Just as likely to be blindsided by crises and negative surprises.
D) Much more likely to be forced to defend themselves.

Answer: A
Difficulty: 2 Medium
Learning Objective: 02-05 Understanding the various stages through which businesses can engage with stakeholders, what drives this engagement, and the role social media can play.
Accessibility: Keyboard Navigation
Gradable: automatic

40) Stakeholder engagement is:
A) Any issue that is of mutual concern to an organization and one or more of its stakeholders.
B) Competitive intelligence being collected ethically and systematically.
C) The process of ongoing relationship building between a business and its stakeholders.
D) The acquisition of information gained from analyzing the multiple environments.

Answer: C
Difficulty: 2 Medium
Learning Objective: 02-05 Understanding the various stages through which businesses can engage with stakeholders, what drives this engagement, and the role social media can play.
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41) Stakeholder engagement is, at its core, a:
A) Program.
B) Relationship.
C) Process.
D) Systems model.

Answer: B
Difficulty: 2 Medium
Learning Objective: 02-05 Understanding the various stages through which businesses can engage with stakeholders, what drives this engagement, and the role social media can play.
Accessibility: Keyboard Navigation
Gradable: automatic

42) The drivers of stakeholder engagement are:
A) Scanning, assessment, and growth.
B) Data, strategy, and organizational development.
C) Goals, motivation, and operational capacity.
D) Financial, operational, and legal.

Answer: C
Difficulty: 2 Medium
Learning Objective: 02-05 Understanding the various stages through which businesses can engage with stakeholders, what drives this engagement, and the role social media can play.
Accessibility: Keyboard Navigation
Gradable: automatic

43) The use of social media to conduct stakeholder engagement has:
A) Slowed down issue resolution.
B) Made it difficult for customers to suggest new product designs.
C) Increased the ability to share information amongst employees and partners.
D) Provided a platform to focus on a single stakeholder at a time.

Answer: C
Difficulty: 2 Medium
Learning Objective: 02-05 Understanding the various stages through which businesses can engage with stakeholders, what drives this engagement, and the role social media can play.
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44) A business and its stakeholders coming together for face-to-face conversations about issues of common concern is called stakeholder:
A) Networks.
B) Motivation.
C) Systems.
D) Dialogue.

Answer: D
Difficulty: 3 Hard
Learning Objective: 02-06 Recognizing the value of creating stakeholder dialogue and networks.
Accessibility: Keyboard Navigation
Gradable: automatic

45) Corporations working collaboratively with other businesses and concerned persons and organizations is an example of stakeholder:
A) Networks.
B) Motivation.
C) Systems.
D) Salience.

Answer: A
Difficulty: 3 Hard
Learning Objective: 02-06 Recognizing the value of creating stakeholder dialogue and networks.
Accessibility: Keyboard Navigation
Gradable: automatic

46) What is the public issue in the case *Businesses Respond to the Movement for School Safety*?
A) First amendment rights and on-the-job worker safety.
B) Second amendment rights and the safety of students in schools.
C) First amendment rights and the safety of teachers in schools.
D) Second amendment rights and safety for law enforcement.

Answer: B
Difficulty: 2 Medium
Learning Objective: Case Businesses Respond to the Movement for School Safety
Accessibility: Keyboard Navigation
Gradable: automatic

47) What is a public issue and how do they impact modern firms?

Answer: Answers may vary.
Difficulty: 3 Hard
Learning Objective: 02-01 Identifying public issues and analyzing gaps between corporate performance and stakeholder expectations.
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48) What is competitive intelligence? Why is it important to the public affairs function?

Answer: Answers may vary.
Difficulty: 3 Hard
Learning Objective: 02-02 Applying available tools or techniques to scan an organization's multiple environments and assessing stakeholder materiality.
Accessibility: Keyboard Navigation
Gradable: manual

49) Identify the eight strategic radar screens that enable public affairs managers to scan their business environment. Briefly discuss the issues involved with each environment.

Answer: Answers may vary.
Difficulty: 3 Hard
Learning Objective: 02-02 Applying available tools or techniques to scan an organization's multiple environments and assessing stakeholder materiality.
Accessibility: Keyboard Navigation
Gradable: manual

50) Give an example and explain why stakeholder materiality is important to both the company and its stakeholders.

Answer: Answers may vary.
Difficulty: 3 Hard
Learning Objective: 02-02 Applying available tools or techniques to scan an organization's multiple environments and assessing stakeholder materiality.
Accessibility: Keyboard Navigation
Gradable: manual

51) Identify and discuss the five steps of the Issues Management Process.

Answer: Answers may vary.
Difficulty: 3 Hard
Learning Objective: 02-03 Describing the steps in the issue management process and determining how to make the process most effective.
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52) What are the various stages of the business-stakeholder relationship?

Answer: Answers may vary.
Difficulty: 3 Hard
Learning Objective: 02-05 Understanding the various stages through which businesses can engage with stakeholders, what drives this engagement, and the role social media can play.
Accessibility: Keyboard Navigation
Gradable: manual

53) Engaging interactively with stakeholders carries a number of potential benefits. Discuss.

Answer: Answers may vary.
Difficulty: 3 Hard
Learning Objective: 02-06 Recognizing the value of creating stakeholder dialogue and networks.
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