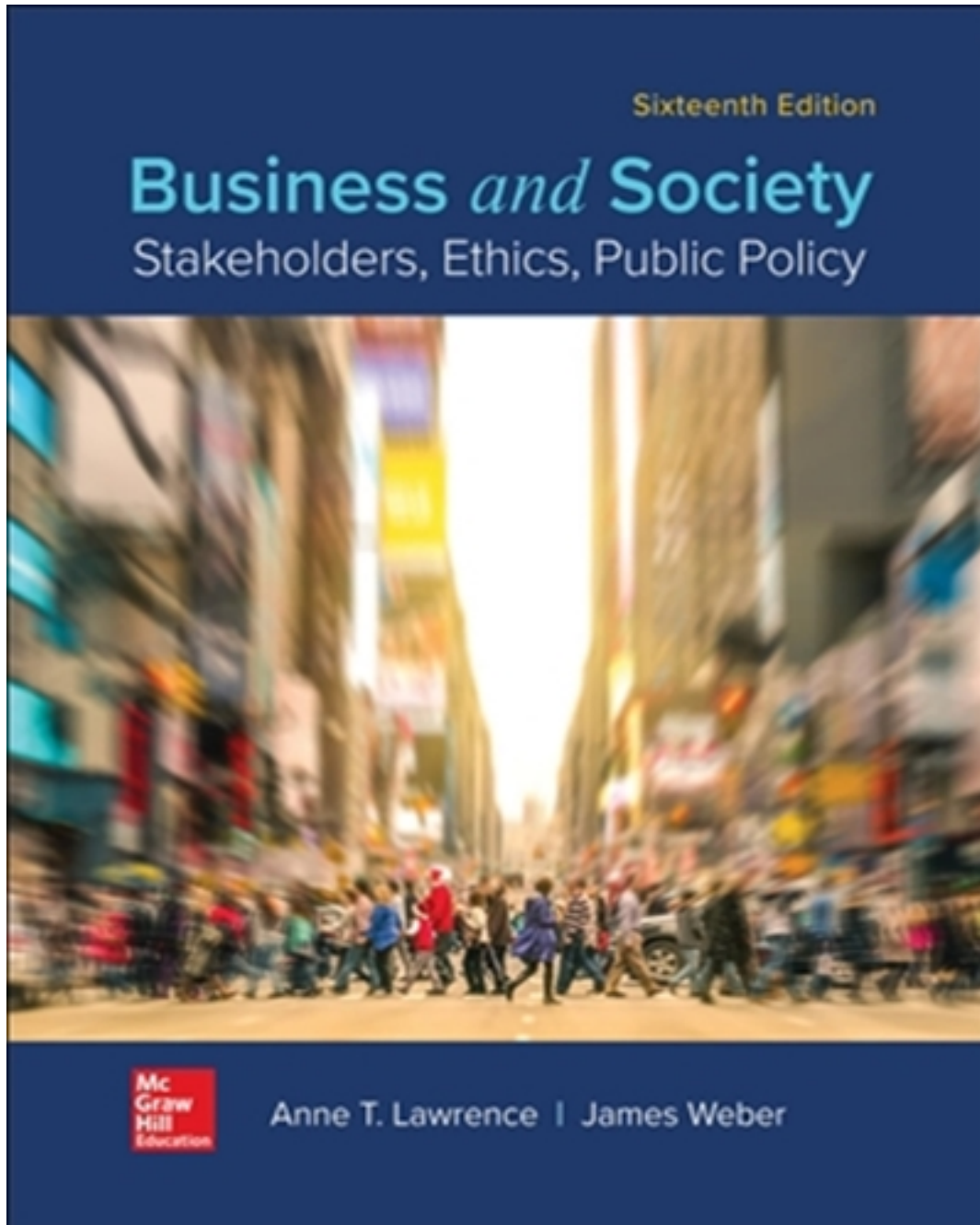


# Test Bank for Business and Society 16th Edition by Lawrence

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# Test Bank

***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.

Accessibility: Keyboard Navigation

Gradable: automatic

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.

Accessibility: Keyboard Navigation

Gradable: automatic

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.

Accessibility: Keyboard Navigation

Gradable: automatic

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.

Accessibility: Keyboard Navigation

Gradable: automatic

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.

Accessibility: Keyboard Navigation

Gradable: automatic

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.

Accessibility: Keyboard Navigation

Gradable: automatic

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.

Accessibility: Keyboard Navigation

Gradable: automatic



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.

Accessibility: Keyboard Navigation

Gradable: automatic

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.

Accessibility: Keyboard Navigation

Gradable: automatic

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.

Accessibility: Keyboard Navigation

Gradable: automatic

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.

Accessibility: Keyboard Navigation

Gradable: automatic

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.

Accessibility: Keyboard Navigation

Gradable: automatic

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.

Accessibility: Keyboard Navigation

Gradable: automatic

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.

Accessibility: Keyboard Navigation

Gradable: manual

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.

Accessibility: Keyboard Navigation

Gradable: manual



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.

Accessibility: Keyboard Navigation

Gradable: manual