Test Bank for Global Business 6th Edition by Peng

ISBN: 9798214054063

Chapter 02: Stakeholder Relationships, Social Responsibility, and Corporate Governance

1. Government regulatory agencies are considered a secondary stakeholder group.
   a. True
   b. False

ANSWER:	False
POINTS:	1
DIFFICULTY:	Easy
REFERENCES:	2-1 Stakeholders Define Ethical Issues in Business
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO2.1 - Identify stakeholders' roles in business ethics
NATIONAL STANDARDS:	United States - BUSPROG: Ethics - Ethics
STATE STANDARDS:	United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS:	Bloom's: Remember
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DATE MODIFIED:	3/12/2025 12:00 AM

2. *Ethics* and *social responsibility* can be used interchangeably.
   a. True
   b. False

ANSWER:	True
POINTS:	1
DIFFICULTY:	Easy
REFERENCES:	2-2 Social Responsibility and Business Ethics
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO2.2 - Describe social responsibility and corporate citizenship.
NATIONAL STANDARDS:	United States - BUSPROG: Ethics - Ethics
STATE STANDARDS:	United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS:	Bloom's: Remember
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DATE MODIFIED:	3/12/2025 12:00 AM

3. Milton Friedman believed that businesses should focus on satisfying only economic and legal responsibilities, as these are sufficient to meet societal demands.
   a. True
   b. False

ANSWER:	True
POINTS:	1
DIFFICULTY:	Easy
REFERENCES:	2-4 Social Responsibility and the Importance of a Stakeholder Orientation
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO2.4 - Examine the relationship between stakeholder orientation and social responsibility

NATIONAL STANDARDS: United States - BUSPROG: Ethics - Ethics
STATE STANDARDS: United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS: Bloom's: Remember
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DATE MODIFIED: 3/12/2025 7:17 AM

4. In *Dodge vs. Ford Motor Co.*, the court ruled that a business exists for the profit of shareholders, and the board of directors should focus on that objective.

a. True
b. False

ANSWER:	True
POINTS:	1
DIFFICULTY:	Moderate
REFERENCES:	2-5 Corporate Governance Provides Formalized Responsibility to Stakeholders
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO2.5 - Explore the role of corporate governance in structuring ethics and social responsibility in business LO2.5a - Views of Corporate Governance
NATIONAL STANDARDS:	United States - BUSPROG: Ethics - Ethics
STATE STANDARDS:	United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS:	Bloom's: Remember
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5. Balancing stakeholder interests always aligns with consumer desires for affordable and innovative products.

a. True
b. False

ANSWER:	False
POINTS:	1
DIFFICULTY:	Easy
REFERENCES:	2-7 Contributions of a Stakeholder Perspective
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO2.7 - Recognize the challenges of balancing stakeholder interests
NATIONAL STANDARDS:	United States - BUSPROG: Ethics - Ethics
STATE STANDARDS:	United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS:	Bloom's: Remember
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6. If a company faces negative press from employee walkouts due to its anti-union stance, what type of stakeholder conflict is this an example of?

a. Conflict between secondary stakeholders and the company
b. Conflict between customers and the company
c. Conflict between the media and the company

d. Conflict between primary stakeholders and the company

ANSWER:	d
POINTS:	1
DIFFICULTY:	Easy
REFERENCES:	2-1 Stakeholders Define Ethical Issues in Business
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO2.1 - Identify stakeholders' roles in business ethics
NATIONAL STANDARDS:	United States - BUSPROG: Ethics - Ethics
STATE STANDARDS:	United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS:	Bloom's: Apply
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7. Why is it important for businesses to recognize secondary stakeholder groups?

a. They are absolutely necessary for the firm's survival.
b. They include the employees necessary for the firm's success.
c. They always have more power than primary stakeholders.
d. They have legitimacy and the power to influence outcomes.

ANSWER:	d
POINTS:	1
DIFFICULTY:	Easy
REFERENCES:	2-1 Stakeholders Define Ethical Issues in Business
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO2.1 - Identify stakeholders' roles in business ethics
NATIONAL STANDARDS:	United States - BUSPROG: Ethics - Ethics
STATE STANDARDS:	United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS:	Bloom's: Understand
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8. A stakeholder group that is absolutely necessary for a firm's survival is defined as a:

a. direct stakeholder.
b. primary stakeholder.
c. secondary stakeholder.
d. special-interest stakeholder.

ANSWER:	b
POINTS:	1
DIFFICULTY:	Easy
REFERENCES:	2-1 Stakeholders Define Ethical Issues in Business
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO2.1 - Identify stakeholders' roles in business ethics
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STATE STANDARDS:	United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
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9. How does the normative approach to stakeholder theory guide businesses?
   a. It focuses on how businesses treat stakeholders based on financial outcomes.
   b. It emphasizes ethical guidelines for how firms should treat stakeholders.
   c. It describes the firm's behavior in making decisions about stakeholder relationships.
   d. It analyzes what happens when firms treat stakeholders in a particular way.

ANSWER:	b
POINTS:	1
DIFFICULTY:	Moderate
REFERENCES:	Introduction
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO2.1 - Identify stakeholders' roles in business ethics
NATIONAL STANDARDS:	United States - BUSPROG: Ethics - Ethics
STATE STANDARDS:	United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS:	Bloom's: Understand
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10. Which of the following statements accurately describes the normative approach?
   a. It identifies ethical guidelines that dictate how firms should treat stakeholders.
   b. It describes what happens if firms behave in a particular way.
   c. It is the degree to which a firm understands and addresses stakeholder demands.
   d. It describes reciprocal relationships between the firm and a host of stakeholders.

ANSWER:	a
POINTS:	1
DIFFICULTY:	Moderate
REFERENCES:	2-1 Stakeholders Define Ethical Issues in Business
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO2.1 - Identify stakeholders' roles in business ethics
NATIONAL STANDARDS:	United States - BUSPROG: Ethics - Ethics
STATE STANDARDS:	United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
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11. A stakeholder orientation can be viewed as a(n):
   a. necessity for business success.
   b. continuum.
   c. polarizing concept.

d. good marketing ploy.

ANSWER: b
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: 2-1 Stakeholders Define Ethical Issues in Business
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: LO2.1 - Identify stakeholders' roles in business ethics
NATIONAL STANDARDS: United States - BUSPROG: Ethics - Ethics
STATE STANDARDS: United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS: Bloom's: Understand
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12. What do suppliers offer that is critical to a firm's long-term success?
a. The promise of customer loyalty
b. Material resources and/or intangible knowledge
c. Leadership skills
d. Revenue for the organization

ANSWER: b
POINTS: 1
DIFFICULTY: Easy
REFERENCES: 2-1 Stakeholders Define Ethical Issues in Business
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: LO2.1 - Identify stakeholders' roles in business ethics
NATIONAL STANDARDS: United States - BUSPROG: Ethics - Ethics
STATE STANDARDS: United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
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13. The four levels of social responsibility include which of the following?
a. Economic, legal, ethical, and philanthropic
b. Economic, legal, environmental, and ethical
c. Financial, legal, environmental, and philanthropic
d. Economic, financial, legal, and ethical

ANSWER: a
POINTS: 1
DIFFICULTY: Easy
REFERENCES: 2-2 Social Responsibility and Business Ethics
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: LO2.2 - Describe social responsibility and corporate citizenship.
NATIONAL STANDARDS: United States - BUSPROG: Ethics - Ethics

STATE STANDARDS:	United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS:	Bloom's: Understand
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14. Which of the following is an example of strategic philanthropy?
   a. Dell encourages employees to use flexible work options
   b. Hershey reduces its plastic waste in product packaging
   c. H-E-B donates $2 million to a University for workforce development
   d. Birdcall contributes 1% of sales to local communities

ANSWER:	c
POINTS:	1
DIFFICULTY:	Easy
REFERENCES:	2-2 Social Responsibility and Business Ethics
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO2.2 - Describe social responsibility and corporate citizenship.
NATIONAL STANDARDS:	United States - BUSPROG: Ethics - Ethics
STATE STANDARDS:	United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
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15. What is the key difference between business ethics and corporate social responsibility (CSR)?
   a. Business ethics is focused on legal compliance, while CSR is about ethical decision making.
   b. CSR involves the internal conduct of the organization, while business ethics focuses on external impacts.
   c. Business ethics deals with internal organizational conduct, while CSR involves external impacts on society.
   d. CSR focuses more on profitability than it does on business ethics for an organization.

ANSWER:	c
POINTS:	1
DIFFICULTY:	Easy
REFERENCES:	2-2 Social Responsibility and Business Ethics
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO2.2 - Describe social responsibility and corporate citizenship.
NATIONAL STANDARDS:	United States - BUSPROG: Ethics - Ethics
STATE STANDARDS:	United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS:	Bloom's: Understand
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16. How does the concept of corporate citizenship relate to social responsibility?
   a. Corporate citizenship involves fulfilling economic, legal, ethical, and philanthropic responsibilities to stakeholders.
   b. Corporate citizenship is unrelated to social responsibility.
   c. Corporate citizenship focuses on maximizing profits while ignoring ethical obligations.

d. Corporate citizenship only addresses legal compliance without concern for ethical or philanthropic duties.

ANSWER:	a
POINTS:	1
DIFFICULTY:	Easy
REFERENCES:	2-2 Social Responsibility and Business Ethics
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO2.2 - Describe social responsibility and corporate citizenship.
NATIONAL STANDARDS:	United States - BUSPROG: Ethics - Ethics
STATE STANDARDS:	United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS:	Bloom's: Apply
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17. How can a company's internal business ethics affect its corporate reputation?

a. Ethical decisions have no impact on a company's reputation or brand.

b. Corporate reputation is only influenced by philanthropic actions, not internal ethics.

c. A company's reputation is solely determined by its financial success.

d. Ethical behavior can positively influence both employee and brand attitudes.

ANSWER:	d
POINTS:	1
DIFFICULTY:	Easy
REFERENCES:	2-2 Social Responsibility and Business Ethics
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO2.2 - Describe social responsibility and corporate citizenship.
NATIONAL STANDARDS:	United States - BUSPROG: Ethics - Ethics
STATE STANDARDS:	United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS:	Bloom's: Apply
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18. What does consumer protection focus on?

a. Maximizing product sales

b. Preventing harmful business practices

c. Increasing market competition

d. Promoting corporate profits

ANSWER:	b
POINTS:	1
DIFFICULTY:	Easy
REFERENCES:	2-3 Issues in Social Responsibility
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO2.3 - Discuss social responsibility issues related to social issues, consumer protection, sustainability, and corporate governance.

NATIONAL STANDARDS: United States - BUSPROG: Ethics - Ethics
STATE STANDARDS: United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS: Bloom's: Understand
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19. How do businesses contribute to sustainability?
    a. By ignoring environmental challenges
    b. By investing in long-term environmental well-being
    c. By focusing on short-term financial profits
    d. By reducing the amount of employee benefits

ANSWER: b
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: 2-3 Issues in Social Responsibility
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: LO2.3 - Discuss social responsibility issues related to social issues, consumer protection, sustainability, and corporate governance.
NATIONAL STANDARDS: United States - BUSPROG: Ethics - Ethics
STATE STANDARDS: United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS: Bloom's: Understand
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20. The idea that because people live in a community, social rules should benefit the community is known as:
    a. the stakeholder interaction model.
    b. consumer protection.
    c. the common good.
    d. Sustainability.

ANSWER: c
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: 2-3 Issues in Social Responsibility
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: LO2.3 - Discuss social responsibility issues related to social issues, consumer protection, sustainability, and corporate governance.
NATIONAL STANDARDS: United States - BUSPROG: Ethics - Ethics
STATE STANDARDS: United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS: Bloom's: Understand
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21. Which of the following is an example of corporate governance in social responsibility?
    a. A company prioritizing market competition over ethical standards

b. A company implementing formal accountability systems to prevent unethical behavior
c. A company ignoring consumer feedback on product safety
d. A company focusing solely on financial performance

ANSWER:	b
POINTS:	1
DIFFICULTY:	Easy
REFERENCES:	2-3 Issues in Social Responsibility
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO2.3 - Discuss social responsibility issues related to social issues, consumer protection, sustainability, and corporate governance.
NATIONAL STANDARDS:	United States - BUSPROG: Ethics - Ethics
STATE STANDARDS:	United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS:	Bloom's: Apply
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22. According to Milton Friedman, what is the basic mission of business?
a. To prioritize the happiness of stakeholders above profits.
b. To ensure ethical behavior through government regulations.
c. To balance perfect and imperfect rights for the common good.
d. To produce goods and services at a profit as its maximum contribution to society.

ANSWER:	d
POINTS:	1
DIFFICULTY:	Moderate
REFERENCES:	2-4 Social Responsibility and the Importance of a Stakeholder Orientation
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO2.4 - Examine the relationship between stakeholder orientation and social responsibility
NATIONAL STANDARDS:	United States - BUSPROG: Ethics - Ethics
STATE STANDARDS:	United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS:	Bloom's: Remember
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23. Which of the following describes the purpose of a stakeholder orientation?
a. To emphasize shareholders and provide them with a return on their investment
b. To maximize positive outcomes that meet stakeholder needs
c. To diminish the role of stakeholders such as the government and employees
d. To determine which stakeholders to address and which to ignore

ANSWER:	b
POINTS:	1
DIFFICULTY:	Moderate
REFERENCES:	2-4 Social Responsibility and the Importance of a Stakeholder Orientation

QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: LO2.4 - Examine the relationship between stakeholder orientation and social responsibility
NATIONAL STANDARDS: United States - BUSPROG: Ethics - Ethics
STATE STANDARDS: United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS: Bloom's: Understand
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24. How might a business leader apply Adam Smith's concept of the "invisible hand" and the idea of balancing justice and beneficence in decision making?
   a. By focusing solely on maximizing profits, as doing so inherently benefits society.
   b. By prioritizing perfect rights, such as property rights, over imperfect rights like charity.
   c. By delegating ethical considerations entirely to government regulations.
   d. By ignoring the concerns of stakeholders and relying on market forces to address ethical issues.

ANSWER: b
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: 2-4 Social Responsibility and the Importance of a Stakeholder Orientation
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: LO2.4 - Examine the relationship between stakeholder orientation and social responsibility
NATIONAL STANDARDS: United States - BUSPROG: Ethics - Ethics
STATE STANDARDS: United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS: Bloom's: Apply
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25. If a company adopts a stakeholder orientation, how can it apply this approach to enhance profitability?
   a. By prioritizing the needs of shareholders above all other stakeholders.
   b. By addressing only legal and economic responsibilities, as suggested by classical economic theorists.
   c. By actively demonstrating socially responsible behavior to gain stakeholder trust and support.
   d. By relying on market mechanisms to self-regulate ethical behavior and decision-making.

ANSWER: c
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: 2-4 Social Responsibility and the Importance of a Stakeholder Orientation
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: LO2.4 - Examine the relationship between stakeholder orientation and social responsibility
NATIONAL STANDARDS: United States - BUSPROG: Ethics - Ethics
STATE STANDARDS: United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
KEYWORDS: Bloom's: Apply

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26. Which of the following is a major ethical concern among corporate boards of directors?
    a. Compensation
    b. The non-traditional directorship approach
    c. Dividend reporting
    d. Secondary stakeholders

ANSWER:	a
POINTS:	1
DIFFICULTY:	Easy
REFERENCES:	2-5 Corporate Governance Provides Formalized Responsibility to Stakeholders
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO2.5 - Explore the role of corporate governance in structuring ethics and social responsibility in business
NATIONAL STANDARDS:	United States - BUSPROG: Ethics - Ethics
STATE STANDARDS:	United States - None - DISC: Ethical Responsibilities - Ethical Responsibilities
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27. Which model of corporate governance is founded on classic economic precepts?
    a. Economic
    b. Shareholder
    c. Stakeholder
    d. Board

ANSWER:	b
POINTS:	1
DIFFICULTY:	Easy
REFERENCES:	2-5 Corporate Governance Provides Formalized Responsibility to Stakeholders
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO2.5 - Explore the role of corporate governance in structuring ethics and social responsibility in business
NATIONAL STANDARDS:	United States - BUSPROG: Ethics - Ethics
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28. Accountability, oversight, and control all fall under the definition and implementation of corporate:
    a. profit.
    b. loyalty.
    c. care.
    d. governance.

ANSWER:	d
POINTS:	1
DIFFICULTY:	Easy
REFERENCES:	2-5 Corporate Governance Provides Formalized Responsibility to Stakeholders
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO2.5 - Explore the role of corporate governance in structuring ethics and social responsibility in business
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29. In response to growing demands for accountability and transparency, how can companies address the increasing pressure from activist shareholders on their boards of directors?

a. By ensuring that director candidates must gain a majority of shareholder votes before joining the board

b. By increasing the number of inside directors to ensure loyalty and shared interests

c. By maintaining a majority of interlocking directorates to expand influence

d. By reducing diversity among board members to focus on corporate expertise only

ANSWER:	a
POINTS:	1
DIFFICULTY:	Easy
REFERENCES:	2-5 Corporate Governance Provides Formalized Responsibility to Stakeholders
QUESTION TYPE:	Multiple Choice
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30. What do critics of high compensation for boards of directors point to as being problematic?

a. The more directors are paid, the more power they have over the organization.

b. High compensation could cause a conflict of interest.

c. High board member pay leads to poorly compensated employees.

d. High pay will render the board less complacent.

ANSWER:	b
POINTS:	1
DIFFICULTY:	Easy
REFERENCES:	2-5 Corporate Governance Provides Formalized Responsibility to Stakeholders
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	LO2.5 - Explore the role of corporate governance in structuring ethics and social