

**ADM1301A**

**Fall 2011**

**Quiz 2**


For markers only

Your gross score: **100** / 100

Quiz 2 weight : x 15%

Your mark toward the final grade: **15**

**INSTRUCTIONS:**

1. This quiz counts for 15% of the course final grade.
2. There are 2 parts. You **must complete all questions** in Part 1. You have choices in Part 2.
3. Answer **directly on this questionnaire in the space provided. Remember back-to-back printing.**
4. Time Limit: 1 hour 15 minutes
5. **You must sign the Statement of Academic Integrity below**
6. It is recommended that you read through the entire quiz completely before beginning to answer.
7. Be mindful of the time and allocate it appropriately. You may leave before the allotted time if you feel you have completed this quiz.
8. Write legibly in ink. Poor writing may result in all or part of your quiz not being corrected.
9. **Write your name and student number on every sheet** (in case your report becomes unstapled during handling). One point will be deducted for failure to do so. Refer to  top of the page.

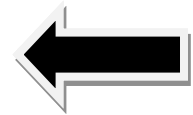
**MUST BE CLEARLY INDICATED. MUST BE LEGIBLE.**

\_\_\_\_\_

Student Name

\_\_\_\_\_

Student Number



To underline the importance of **academic integrity**, all submissions in partial fulfillment of the requirements of a course at the Telfer School of Management must include the following signed statement:

***Statement of Academic Integrity***

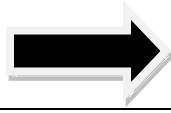
**This work conforms to the rules on academic integrity of the University of Ottawa.**

Signature: \_\_\_\_\_ **XXX** \_\_\_\_\_ Print Name: \_\_\_\_\_ **XXX** \_\_\_\_\_

**A SUBMISSION WITHOUT A SIGNED STATEMENT WILL NOT BE CORRECTED AND WILL RECEIVE AN AUTOMATIC GRADE OF ZERO.**

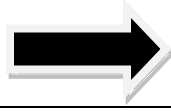
**PART 1 - True or false statements. Multiple choice questions. Complete the sentence. Write or circle your answers clearly on this questionnaire. 40 points in total; 2 points for each correct answer. A bonus question at the end.**

1. Adam, a manager, is concerned with how to apply the rules and principles that guide morally appropriate behaviour into decisions that will affect his firm's product development. He is concerning himself with the ethics of business.
  - a. True
  - b. False
  
2. "If my employees have to take a wage roll back, then I should take one too." This statement is consistent with the principle of the categorical imperative.
  - a. True
  - b. False
  
3. Daniel is the Finance VP of Hezmut Corp. He is considering whether or not he should submit the corporate financial report as drafted at the upcoming annual shareholders' meeting. He believes that the information does not fully disclose the entire situation and the risks regarding a planned merger. He wonders to himself: "What would my mom say if she found out what I was condoning?" Daniel is applying which principle of ethical analysis?
  - a. Self-interest
  - b. Personal virtues
  - c. Ethics of caring
  - d. Utilitarian beliefs
  - e. Deontology
  - f. None of the above answers
  
4. Which of the following statements is inconsistent with Milton Friedman's argument regarding the responsibility of a firm?
  - a. The only social responsibility of business is to make profits.
  - b. Profit maximization is the primary purpose of business.
  - c. CSR distracts business from its core business. It is misusing shareholders' money.
  - d. The only responsibility of labour leaders is to serve the interests of civil society.
  - e. All of the answers are consistent with his position.
  
5. Self-regulation refers to regulatory forces that are imposed and enforced by \_\_\_\_\_.
  - a. The corporation
  - b. The competition
  - c. Professional associations
  - d. The business community
  - e. Individual divisional managers within a business entity



- 
6. A decision maker should always identify stakeholders involved in a decision prior to determining what alternative solutions to the problem are possible.
- True \_\_\_\_\_
  - False \_\_\_\_\_
7. Volunteerism, in the context of corporate social responsibility (CSR), refers to theories that argue that a firm has responsibility for the social welfare and progress of society.
- True \_\_\_\_\_
  - False \_\_\_\_\_
8. According to Carroll's Pyramid of Social Responsibility, profits resulting from the satisfaction of the economic responsibilities of the firm are necessary before any other responsibilities, including legal, ethical and philanthropic can be carried out.
- True \_\_\_\_\_
  - False \_\_\_\_\_
9. The Government of Saskatchewan owns and operates Saskatchewan Government Insurance (SGI) which provides insurance for automobile owners in the province. SGI is an example of a:
- Chosen instrument
  - Mixed enterprise
  - Public-private partnership
  - Crown Corporation
  - Quasi-Government institution
10. Frank Nikomo, now retired, is a former school teacher who developed a strong reputation nation-wide for his ability to reach youth with gang involvement. Frank has decided to leave retirement and offers his expertise to various teaching associations, such as the Newfoundland and Labrador Teachers' Association, to help them lobby for funds to support social initiatives in schools. This is an exemplar of which type of business lobbyist?
- Business Interest Group
  - Consultant
  - In-house
  - None of the answers
  - This is not an example of lobbying as it involves the public, not private sector.
11. The Alberta Teachers Association cannot be considered a lobby group as it is not a for-profit enterprise.
- True \_\_\_\_\_
  - False \_\_\_\_\_

12. The Alzheimer's Society serves individuals and family members affected by this challenging disease. As a non-profit organization, however, it is prohibited by law to lobby government for funding.
- a. True \_\_\_\_\_
  - b. False \_\_\_\_\_
13. Think tanks are organizations or groups of experts funded by government to provide informed advice on how to influence business and civil society.
- a. True \_\_\_\_\_
  - b. False \_\_\_\_\_
14. Business-NGO relations have the potential to produce all of the following except:
- a. Build business leadership
  - b. Foster social, environmental and economic success
  - c. Damage reputations
  - d. Alienate stakeholders
  - e. Lower business start-up costs
  - f. All of the above answers capture the potential of business-NGO relations.
15. Which of the following statements is not indicative of civil society's supportive influence:
- a. Source of workers
  - b. Social capital provider
  - c. Distributor of information
  - d. Source of profit
  - e. Honest broker between government and business
  - f. All of the above.
16. Government procurement policy remains unchanged over a ten-year period - in other words the policy provisions are clear and stable - because of the economic significance of this multi-billion dollar market and the need for bidding process stability to ensure that businesses can sell efficiently their goods and services to government.
- a. True \_\_\_\_\_
  - b. False \_\_\_\_\_
17. Air Canada and Canada Post are examples of mixed corporations; in other words, ownership in each corporation is shared between the Government of Canada and the private sector.
- a. True \_\_\_\_\_
  - b. False \_\_\_\_\_
18. Regulations are often used to address so-called market failures. Which among the following types of regulation is not related to a market failure?
- a. Risk of monopoly by an energy supplier
  - b. Pharmaceutical product labelling
  - c. Unseen externalities of a production process
  - d. Policy think tank
  - e. All of the above



Student Number

Student Name

XXX (IF NOT INDICATED, DEDUCT 1 POINT)

---

19. A Crown corporation typically provides a service or a product that the private sector would be unwilling or unable to provide.

a. True

b. False

20. To ensure transparency in the conduct of lobbying in Canada, the practice is considered legitimate and it is regulated by the *Lobbying Prohibition Act* and the *Lobbyists' Code of Misconduct*.

a. True

b. False

21. **Bonus for 2 points** – Which of the following statements does not reflect what lobbyists do?

a. Provide informed strategic advice

b. Be credible with good contacts

c. Understand the issue from several perspectives

d. Get paid to prepare their clients to lobby

e. Offer incentives to public office holders to obtain government contracts

f. Know what politicians think or stand on an issue and influence them

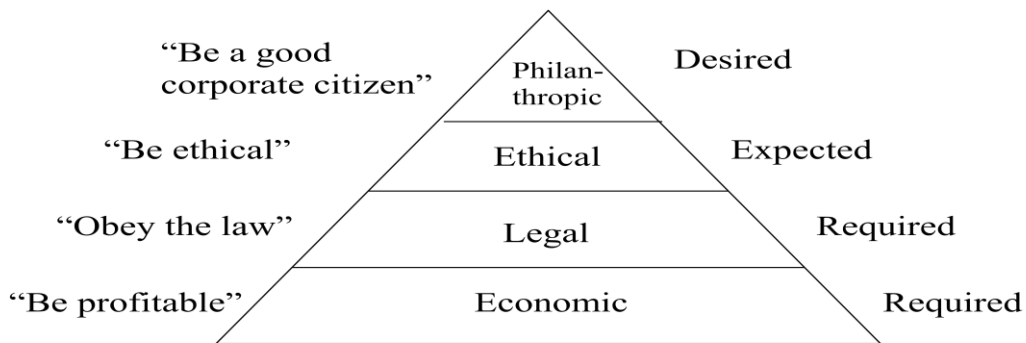
g. Every one of the above answers reflects what lobbyists do.

**Part 2 – You select 3 questions to answer among Questions 1 to 4 that follow. Respond to the 3 questions you select (including the sub-questions) in the space provided below. 20 points for each question; 60 points in total for this Part.**

1. Introduce and explain Carroll’s Pyramid of Corporate Social Responsibility. [You may draw a diagram, if you wish, and explain.] – 20 points.

The following depictions are optional, but they convey the model.

## Pyramid of Corporate Social Responsibility



Source: Archie Carroll, 1991

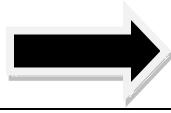
**OR**

## Carroll’s Four Part Definition

- CSR encompasses the economic, legal, ethical, and discretionary (philanthropic) expectations that society has of organizations at a given point in time

### *Understanding the Four Components*

Responsibility	Societal Expectation	Examples
Economic	Required	Maximize sales, minimize costs, increase profits
Legal	Required	Obey laws and regulations.
Ethical	Expected	Do what is right, fair and just.
Discretionary (Philanthropic)	Desired/ Expected	Be a good corporate citizen.



---

The following explanations (or the above table) are acceptable for each Responsibility in the model.

*Economic Responsibilities* **(5 points, Partial marks are permissible at marker's discretion.)**

- To produce goods and services of value to society
- Key stakeholders: shareholders, creditors, consumers (optional)
- "Must do" responsibilities

*Legal Responsibilities* **(5 points, Partial marks are permissible at marker's discretion.)**

- Responsibilities as defined by government laws and regulations
- "Have to do" responsibilities

*Ethical Responsibilities* **(5 points, Partial marks are permissible at marker's discretion.)**

- Responsibilities expected by society
- Not required by law (yet)
- "Should do" responsibilities

*Philanthropic or Discretionary Responsibilities* **(5 points, Partial marks are permissible at marker's discretion.)**

- Responsibilities that are voluntary
- Different from ethical responsibilities in that few stakeholders expect them
- "Might do" responsibilities

*Other Points: (good if made, but optional)*

- The four responsibilities are in an order of priority
- Friedman would agree with economic and legal responsibilities
- Social responsibility would include the ethical and discretionary responsibilities
- Discretionary responsibilities at one time may become ethical ones later
- Failure to recognize social responsibilities (ethical and discretionary) might lead to government regulation.
- Social responsibilities may provide the corporation with a competitive advantage.

2. Stanbury presents a framework for examining business-government relations. Answer the following three sub-questions (20 points in total):
  1. Identify and explain at least four factors affecting business presented by Stanbury (8 points).
  2. Identify and explain at least four factors affecting government presented by Stanbury (8 points).
  3. What is Stanbury's conclusion regarding business-government relations? Explain (4 points).

1. Factors affecting business (8 points in total; 2 points each for up to four factors and a reasonable explanation)

- 1) Nature of relations between business and its primary stakeholders
- 2) Extent of government intervention in the sector
- 3) The degree to which government actions determine success or failure
- 4) Characteristics of members in the business interest group
- 5) The perceptions of the public

2. Factors affecting government (8 points in total; 2 points each for up to four factors and a reasonable explanation)

- 1) Size of government's majority
- 2) Regional distribution of seats in the legislature
- 3) Actions of other governments
- 4) Prevailing extent of government intervention instruments
- 5) Behaviour of the media
- 6) Legal and constitutional allocation of powers between different levels of government
- 7) Action of opposition parties
- 8) Public opinions, attitudes and perceptions

3. (4 points in total for capturing the elements in bold. Need not be precise words, but reasonably similar concepts are acceptable. Partial marks permissible at marker's discretion)

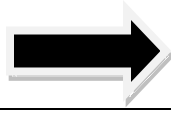
**Two different worlds**

**Different Variables/ Processes/ Factors**

policy evolves along different trajectories  
FYI look at exogenous & endogenous factors

**They Clash in the "Policy Arena"**

Business "lobbying" Government  
Gov't "regulating" Business



Student Number

Student Name

XXX (IF NOT INDICATED, DEDUCT 1 POINT)

---

Optional, acceptable additions:

- Portrait of business facing off against government, strategizing within environmental constraints to shape outcomes according to their preferences and priorities
- Each sector always attempting to protect and further its own interests - confrontational model
- Business is different from government
- Business and government are influenced by different factors
- Public policy results from a series of processes and influences
- Expecting each segment to fully understand the other is perhaps ambitious (but reasonable to expect each segment to BETTER understand each other)

3. Identify at least five forms of government influence on business in Canada. For each identified form, explain in a few sentences how business is affected by that government intervention. (20 points; 4 points for each form and adequate explanation.)

Accept 5 among the following 7 terms. 4 points for each term properly identified and a reasonable explanation that captures the essence of the points made under each one. Partial marks are permissible at marker's discretion.

**1. Regulation**

- The imposition of constraints, backed by the authority of government, that are intended to modify economic behaviour in the private sector significantly
- Types: Could be either economic (to correct market imperfections), social (to correct the adverse affects of business on people), political (to garner votes)

**2. Government ownership (Crown corporation)**

- Crown corporations typically provide a service or product that the private sector would be unwilling or unable to provide

**3. Government subsidies**

- Either the direct transfer of cash to a recipient or the indirect transfer of benefits
- Either increase the supply of a product or the demand for the product or service – the resulting market prices affect competition
- (OPTIONAL) \$19 billion in subsidies to business in 2004 (Fraser Institute)

**4. Tax policy**

- Encourage investment in some activities, but not others
- Deductibility of business operating expenses
- Capital cost allowance policy
- Tax credit policy

**5. Government procurement**

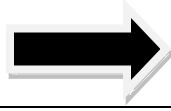
- Government is a major purchaser of goods of services
- Changes in procurement policy can significantly affect business

**6. International trade**

- Negotiation of international tariff laws
- Non-tariff barrier elimination
- Strong proponent for Canadian business abroad

**7. Industrial Strategy**

- Any attempt by government to apply a coherent and consistent set of policies that are designed to improve the performance of the economy



- 
4. Identify at least five tools that civil society uses to influence business and government. For each identified tool, explain in a few sentences how business and government may be affected. (20 points; 4 points for each tool and an adequate explanation containing two of the concepts conveyed by the examples. There are overlaps in the examples / explanations of influences. Partial marks permissible.)
1. **Publishing** (print; on-line). Examples of influence:
    - a) Distributor of information
    - b) Awareness building
    - c) Supplier of knowledge and skills (knowledge transfer)
    - d) Cause-related marketing venue
  2. **Social network participation**. Examples of influence:
    - a) Supplier of knowledge and skills (knowledge transfer)
    - b) Source of workers
    - c) Neutral broker between government and business
    - d) Intimate knowledge of community (closer to stakeholders)
    - e) Citizen engagement venue
    - f) Social capital provider
    - g) Alternative service delivery methods and new models of community engagement
    - h) Point of entry for citizens to engage in policy debates
  3. **Lobbying** (direct; indirect; advocacy). Examples of influence:
    - a) Awareness building
    - b) Public policy test environment
    - c) Distributor of information
    - d) Point of entry for citizens to engage in policy debates
  4. **Media campaigns**. Examples of influence:
    - a) Building image and buffering media
    - b) Cause-related marketing venue
    - c) Awareness building
    - d) Distributor of information
  5. **Demonstrations and protests**. Examples of influence:
    - a) Cause-related marketing venue
    - b) Awareness building
    - c) Public policy test environment
    - d) Distributor of information
    - e) Point of entry for citizens to engage in policy debates
    - f) Intimate knowledge of community (closer to stakeholders)
    - g) Citizen engagement venue