

ADM1301A and ADM1301B


Fall 2012

Mid-Term Examination

GRADING GUIDE

<u>For markers only</u>		
Your gross score:	100	/ 100
Mid-Term weight :		x 25%
Your mark toward the final grade:	25	

INSTRUCTIONS:

1. The mid-term evaluation counts for 30% of the course final grade. This questionnaire represents 25%; your group case report submitted earlier represents the other 5%.
2. You must complete all questions in Part 1 and Part 2. You have choices in Part 3. Staple your individual case report to this questionnaire at the end of Part 3.
3. Answer **directly on this questionnaire in the space provided. Remember back-to-back printing.**
4. Time Limit: 1 hour 20 minutes.
5. You **MUST SIGN** the Statement of Academic Integrity below.
6. It is recommended that you read through the entire questionnaire 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 examination.
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 marking). One point will be deducted for failure to do so. Refer to  at the top of each odd page.

MUST BE CLEARLY INDICATED. MUST BE LEGIBLE.

 Student Name

 Student Number

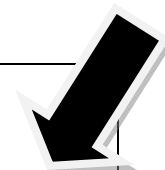


To underline the importance of **academic integrity**, all submissions in partial fulfillment of the requirements of a course at the Telfer School of Management must include the following signed statement:

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

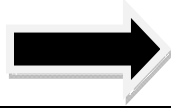
Signature: _____ **XXX** _____ Print Name: _____ **XXX** _____

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



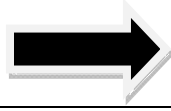
PART 1 - Circle the answer for true/ false statements or for multiple choice questions. Otherwise, complete the sentences. Write your answers clearly on this questionnaire. 20 points in total; 1 point for each correct answer.

1. An economic system operated with absolute minimum interference by the government in the affairs of business describes (laissez) - (faire) capitalism.
2. Which one of the following characteristics of a free enterprise system is INCORRECT?
 - a. Ownership of private property by private individuals and enterprises
 - b. The profit motive
 - c. A competitive market system
 - d. Unlimited involvement by government
 - e. None of the above
3. A (cooperative or co-op) is a form of organisational ownership composed of individuals or small businesses that have banded together to reap the benefits of belonging to a larger organization.
4. According to Mitchell, Agle, and Wood's typology, the perceived validity of a stakeholder's claim to a stake is referred to as:
 - a. Legitimacy
 - b. Participatory support
 - c. Power
 - d. Trust
 - e. Strategic support
 - f. Problematic support
5. Again, according to Mitchell, Agle, and Wood's typology, the ability of a stakeholder to produce an effect is referred to as:
 - a. Legitimacy
 - b. Effective support
 - c. Power
 - d. Definitive support
 - e. Urgency
 - f. Strategic support
6. An approach to stakeholder management that considers stakeholders as separate managers in pursuit of their own objectives is:
 - a. A shared governance approach
 - b. A strategic approach
 - c. A multi-fiduciary approach
 - d. A co-operative venture
 - e. A partnership arrangement



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7. Which one of the following does NOT represent the stakeholder's potential for threat?
- Stakeholder controls key resources needed by the organization
 - Stakeholder is more powerful than the organization
 - Stakeholder is likely to form a coalition with the organization
 - Stakeholder is likely to form a coalition with other stakeholders
7. Which one of the following is NOT included in the Legislative Branch of the federal government:
- Prime Minister
 - Cabinet Ministers
 - House of Commons
 - Public Service
8. Parliamentary Committees are composed of members from all the political parties represented in the House of Commons. Standing Committees:
- Examine specific issues, such as pensions or child care
 - Examine specific government bills after they have passed second reading
 - Focus on a substantive sphere of government policy, such as the Public Accounts Committee
 - Involve all members from either the House of Commons or the Senate
9. Jane Tarzan is on the board of directors for SPT Corporation. Which of the following assumptions about Jane's involvement with SPT Corporation is NOT correct?
- Jane was elected by the shareholders to this role.
 - Jane is not a shareholder of SPT Corporation
 - Jane has ultimate responsibility for the functioning of SPT Corporation
 - Jane is a potential problematic stakeholder for SPT Corporation
 - Jane's position on the Board is not permanent
10. Ethics is a branch of philosophy. Given that business activities take place daily in a very practical and meaningful manner in the socio-economic sphere, business ethics cannot really apply the reasoning methods proposed by various philosophical schools of ethical thinking.
- True _____
 - False _____
11. Lisa Brutus is considering whether to take advantage of some insider knowledge she has regarding a possible new personal business venture. She applies the categorical imperative in asking herself "If I do this, I should be OK with everyone else being able to do this too."
- True _____
 - False _____

12. A statement of values explicitly states appropriate behaviour for employees.
- True _____
 - False _____
13. Portia Bello is the manager of a building supply company. A builder ordered a particular grade of granite, but Portia is short in her supply and substitutes another product. She believes that what she is doing is ethical because the product is comparable and she isn't making extra money on the deal. Which system of ethical analysis is Portia applying?
- Egoism
 - Personal virtues
 - Utilitarianism
 - Ethics of caring
 - Economic efficiency
14. The decision to relocate production to a developing nation is complex. There will be certain harms to the current employees in Canada, as well as to the community in which the Canadian factory is located. There are also significant benefits. Some stakeholders, such as the stockholders, will feel these benefits more than others. The future employees in the developing nation will certainly benefit from the relocation. Other options are considered and it is determined that the benefits of relocation outweigh the negatives. On the basis of which principle of ethical reasoning is the decision made?
- Universal rule
 - Personal virtues
 - Ethics of caring
 - Social contract ethics
 - Utilitarian beliefs
 - Economic efficiency
15. Which of the following authors is mostly associated with deontology?
- John Rawls
 - John Stuart Mill
 - Erasmus Deontologis
 - Milton Friedman
 - Immanuel Kant
 - Jean-Jacques Rousseau
 - All of the above
16. Tabatha Grum is considering whether to take advantage of a tip from a friend who has insider knowledge to launch a new product. She asks herself: "If I do this, will it be OK if everyone else is able to do this too?" Is she applying the social contract reasoning?
- Yes _____
 - No _____



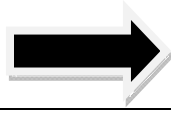
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17. Corporate social responsibility is a concept intended to sway the public into viewing businesses as good social and environmental stewards rather than competitive and profit-oriented beasts.
- True
 - False
18. Which of the following statements is inconsistent with Milton Friedman's argument regarding the responsibility of a firm?
- The only social responsibility of business is to make profits.
 - Profit maximization is the primary purpose of business.
 - Corporate social responsibility (CSR) distracts business from its core business. It is misusing shareholders' money.
 - The only responsibility of labour leaders is to serve the interests of union members.
 - All of the answers are consistent with his position.
 - None of the above is consistent with his position.
19. Which of the following is NOT a valid reason for the development of Codes of Conduct?
- Reduce legal liabilities
 - Maintain corporate image
 - Satisfy customer expectations
 - Make it easier for management to refuse unethical requests
 - None of the above answers.
20. The labour market participation rate is a statistical indicator that measures:
- The proportion of women in the labour force in Canada
 - The total labour force as a proportion of the working age general population in Canada
 - The proportion of working age students not yet in the labour force in Canada
 - The proportion of Canadian resident workers in the labour force
 - None of the above answers.

Bonus question (1 point)

21. In a *Harvard Business Review* article, Nash argued that plainly worded questions should be used by managers when considering the ethics of business decisions. He proposed 12 such questions. This model is referred to as:
- The Moppet Theory
 - The Wise Prophet Theory
 - The Good Puppy Theory
 - The Good Person Theory
 - None of the above

Part 2 - Match a term contained in the right column with the description that is most closely associated with it in the left column. Write the letter of the most appropriate response in the centre column. There is only one correct response for each description. 20 points in total; two (2) marks for each correct response.

Description	Your answer	Term
Criticism of continuous and accelerating technological and social change	c.	a. Living Standards
This is determined by how well the country's major industries are performing and the levels of consumer spending	b.	b. Employment
Society will likely view business in a positive manner when these increase.	a.	c. Innovation
Free markets produce this efficient result.	g.	d. Inequities in Society
With periods of prosperity followed by recessions, the business enterprise system is vulnerable to criticisms because of the hardships imposed upon particular individuals and types of businesses at various times.	i.	e. Self-interest
Millions of businesses make decisions independently of one another, ensuring that a wide variety of goods and services are available.	h.	f. Human capital
Arises when particular groups in society are discriminated against economically.	d.	g. Allocation of resources
This acts as a motivator, and provides the drive for profit that encourages individuals to get things done.	e.	h. Decentralized decision-making
This is created when the relationship between stakeholders and an organization produces increased understanding, cooperation, and coordination.	j.	i. Business cycles
Measures the qualifications that individuals in a society possess.	f.	j. Social capital



Part 3 – You select 3 out of the four remaining questions. 10 points for each question. At the end you are asked to attach your take-home case study report to this questionnaire.

1. The class presentations and the readings discuss the most cited approaches or schools of ethical analysis. Identify ANY five of these approaches and describe briefly each method of ethical reasoning and what it involves. (10 points)

Grading Scheme (10 points; 2 marks for each approach identified and described correctly)

No expectation of word-for-word but the “principle” must be recognizable to the marker. I am looking for **FIVE schools/approaches** from among the following (2 marks each – markers’ discretion).

Self-interest ethic (egoism): individuals or corporations set their own standards for judging the ethical implications of their actions. Usually, what satisfies your interests would qualify as ethical.

Personal virtues ethic (Greek philosophy): an individual or corporation’s behaviour is based upon being a good person or corporate citizen with traits such as courage, honesty, wisdom, temperance and generosity.

Ethic of caring: gives attention to specific individuals or stakeholders harmed or disadvantaged and their particular circumstances. The relationship helps to understand what has value and to determine the ethical principles that need to be considered.

Social contract: guided by obligations resulting from agreements made among stakeholders in society.

Deontology: an ethical action is guided by the principle embodied in the act itself. If the principle can be “universalised” and it is not irrational, then it becomes my duty to act accordingly. It is my categorical imperative. Also, each person has an intrinsic value that must be respected, never violated.

Government requirements ethic: the acceptance of a code of laws as the governing rules of society or as a contract with society that determines what is right or appropriate behaviour.

Utilitarian ethic: looks at the consequences of actions. It focuses on the distribution of benefits and harms to all stakeholders with the view to maximizing benefits (utility) for the greatest number.

Universal rules ethic: ensures that managers or corporations have the same moral obligations in morally similar circumstances.

Individual rights ethic: relies on agreed-upon rights for everyone that will be upheld by everyone and that become the basis for deciding what is right, just, or fair.

Economic efficiency ethic: judges the moral implications of a decision by its economic consequences and provides the moral justification for a market system.

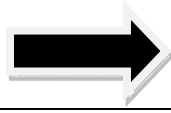
Ethic of justice: considers that moral decisions are based on the primacy of a single value: justice.

2. Explain the process that a proposed legislation has to go through at the federal level in Canada in order to become law. (10 points)

Grading Scheme: (10 points)

Note to markers – While I do not expect word for word responses, for full marks the major components of each stage (underlined) must be present in the student’s answer. Part marks are permitted at the discretion of the marker.

1. The draft bill is introduced in Parliament (normally in the House of Commons but can also be introduced in the Senate), following Cabinet approval and House Leader’s signature. (1 mark)
2. First reading: The bill receives first reading. This involves reading the title of the bill. (2 marks)
3. Second reading: The bill receives second reading. In this stage the principle and object of the bill are debated and either accepted, rejected, or amended. During this stage, the bill, if approved, will usually be referred to a committee to receive a clause by clause study. After clause by clause review, the committee will refer the bill, as amended, with a report back to the House of Commons (or Senate as the case may be). This is referred to as the report stage. (3 marks)
4. Third reading: During Third reading the bill is debated and voted on as amended. Further amendments are possible. (1 mark)
5. Repeat the three stage process in the other House (Chamber) (usually the Senate): The introduction of the bill into the other House of Parliament and repetition of the above three reading process (1 mark).
6. Royal Assent: Royal Assent by the Governor General or a Governor General Deputy at which point the bill becomes law (2 marks).



3. In your view, what is the relationship between corporate social responsibility and ethics? (10 points)

May use Carroll's model to illustrate, but not necessary. Should be able to argue completely and convincingly the notion that ethics is part and parcel of CSR. It builds on the economic and legal requirements.

10 points are available for a fairly complete and convincing answer. Partial marks at marker's discretion are possible.

4. This is a four-part question worth 10 points in total
a) Explain what is meant by the "civil society" segment in this course. (2 points)

Grading Scheme

Whom or what would be included. 2 marks for an answer that captures the following terms or similar suggestions. Part marks are permissible – marker's discretion:

- Nonprofit
 - Not-for-profit
 - Voluntary
 - Independent
 - "Community"
- *The totality of voluntary civic and social organizations and institutions (give full marks here if this is the essence of what the student write)*

- b) Describe at least four characteristics of civil society (2 points)

Characteristics (.5 mark each to a maximum of 2 marks):

- Smaller, more cooperative, less hierarchical organizations

- Large number of women relative to men
- Less emphasis on private accumulation & minimizing cost, more emphasis on public goods and maximizing participation
- Activities are more labour intensive
- Importance is placed on gratitude, obligation, generalized reciprocity and symbols

c) What are the sorting mechanisms of civil society? [1 point]

Sorting Mechanisms (1 mark for a response that contains 2 of the following – part marks are permissible – marker’s discretion):

Trust, reciprocity, networks, norms, values, social capital

d) Identify and explain briefly 5 key roles played by civil society. (Maximum 5 points.)

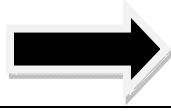
Civil Society’s Five Key Roles

Give 1 mark for each role from those provided below. Similar words/concepts are acceptable.

- Monitoring through which policy is kept ‘honest’
- Advocacy through which policy options can be supported or not supported
- Innovator through which different ways of doing things are developed and demonstrated
- Service provider through which a particular need is fulfilled
- Capacity builder through which support is provided to other civil society organizations

Part 3 - IMPORTANT

***Staple your completed Waghorner’s Photographic Processors Inc. case report to this questionnaire. It is PART OF THIS MID-TERM EXAM. It is worth 30 points out of 100.**



Student Number

Student Name

XXXXXXXXXX IF NOT, DEDUCT 1 POINT

Case: Waghorner's Photographic Processors Inc.

The Case : Waghorner Photographic Processors Inc. (WPPI) was a manufacturer of photographic film operating in Vancouver, B.C. An employer for 50 local families, its financial condition was very weak and its sustainability required prudent cost management of its operations.

A chemical known as EEG was generated as a by-product of the photographic development process. EEG was particularly toxic to fish and other marine life. Proper disposal of the EEG would require that it be incinerated using industrial incinerators capable of reaching temperatures well above 3000 degrees Celsius. This limited the possible disposal sites to two in Eastern Canada and one in the central United States.

The disposal of this chemical is costly and would require the daily running of at least two tanker trucks, which would transport the chemical to the railroad station to be subsequently shipped by rail to the nearest disposal incinerator.

Within 30 yards of WPPI's facilities was a river. This river was declared dead by biologists because of the amount of toxic discharge being dumped into it by a pulp and paper mill located five miles upstream from WPPI. Jim Ranger, the Vice-President of Operations, felt that WPPI would not necessarily be acting irresponsibly by discharging the EEG into the river since it was already "dead". As well, such action would save considerable money for the company.

Assignment:

Apply the decision flow chart on page 32 of the Lecture 5 slides to the problem at hand.

Is Jim Ranger acting ethically? : At each stage of the model, what are the assumptions you are making? What are the relevant facts? What is your thought process? What is your conclusion? Is your conclusion similar to Jim Ranger's? Why or why not? Explain the meaning and the consequence of the difference if any.

Instructions on the Report

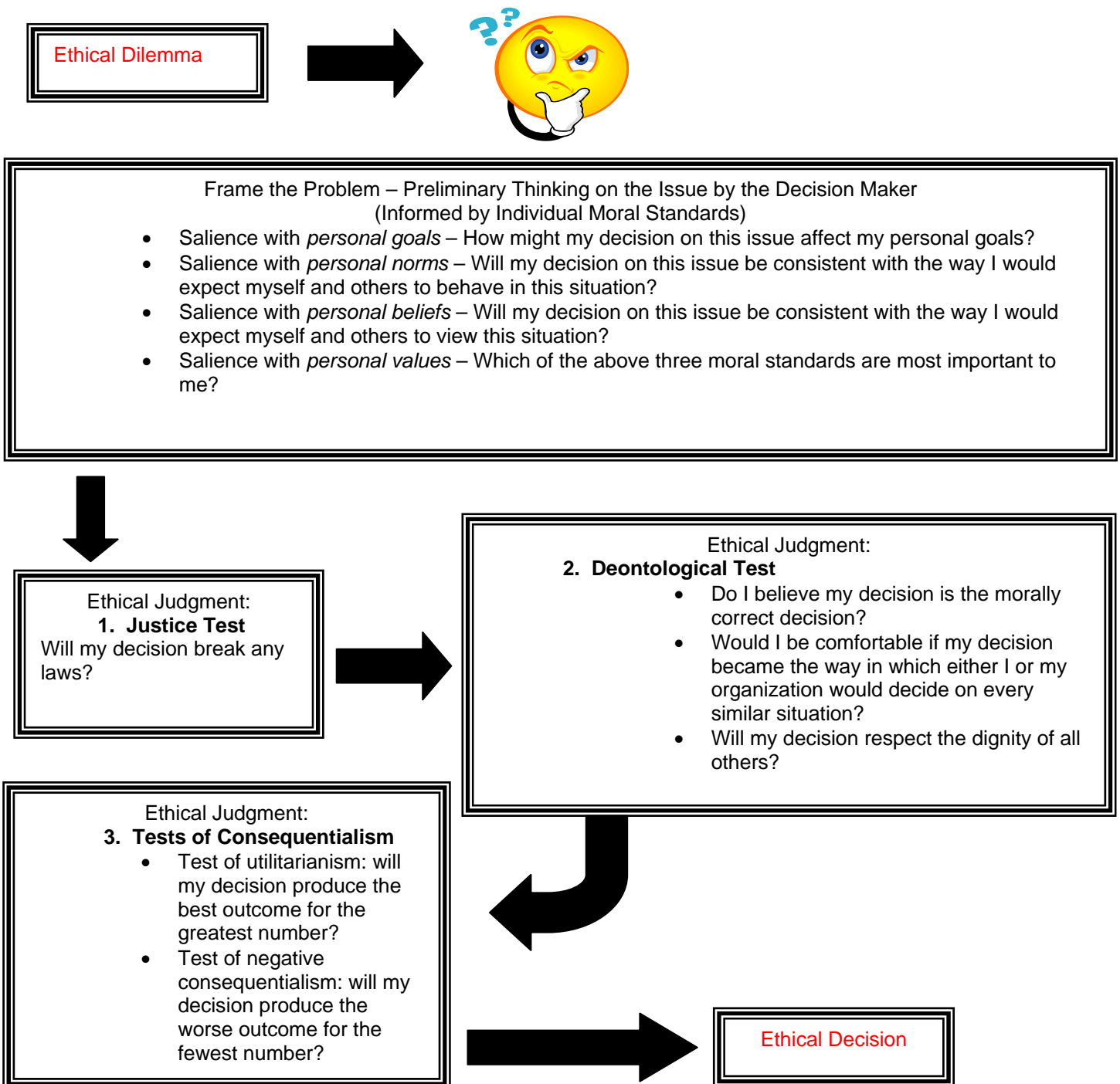
Prepare a typewritten report, no more than 2 pages, to be submitted at the time of your mid-term exam. Your name and student number should be well identified.

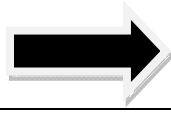
Identify and format each stage of the model adequately. Full sentences in bullet form are acceptable answers.

Bring a stapler to attach your report to your examination booklet on the day of the mid-term exam. You will sign the integrity statement on your examination booklet.

Case Grading: (30 points - Marker's discretion)

This is the flow chart to apply to the case:





-
- There is no need to reproduce the chart, but the answer should identify the stages adequately. If this is not done or if the student's presentation is structurally deficient, illogical or difficult to follow, **deduct up to 10 points at your discretion.**
 - Applying the model or process to Jim Ranger's decision:

What is the ethical dilemma?

- An ethical dilemma could be considered as a situation that will often involve an apparent conflict between moral imperatives, in which to obey one would result in transgressing another.
 - For Jim Ranger the ethical dilemma he faces is that deciding to dump the EEG into the river will contribute to the pollution of the river but will preserve the company as a going concern.
 - Deciding to incinerate the EEG will preserve the river, but will bankrupt the company.
 - Jim's preliminary decision: *to dump the EEG into the river.*
-

Framing the problem – possible preliminary thinking

Suppose Jim Ranger

- views his personal goals as keeping his job and preserving his family's economic stability;
 - would expect himself and others facing the same situation to make the same decision;
 - has, as his primary concern, the preservation of the company and the fortunes of the families depending on it and would expect that this concern would be shared by others facing the same situation; and
 - views the latter two individual moral standards as being most important to him.
 - At this point his moral standards would not be compromised by making the decision to dump the EEG into the river.
-

Justice test

- From the information provided in the case, such a decision would not be illegal on the surface. In fact there is no information other than the fact that the paper mill is polluting and that the river is considered “dead”.
 - Caution here: Some may argue that duping EEG is illegal. It can be argued that there is risk. It is known that the paper mill is polluting. There must be some regulation or law in place. Jim Ranger may be thinking that the risk of getting caught is low and the benefit of paying the fine may largely outweigh the negative consequences.
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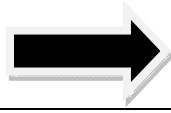
Deontological Test

If Jim Ranger felt that

- His decision is morally correct;
 - His decision could be viewed as the “universal law” imposed by himself or his company in any similar situation (in other words if WPPI opened a new subsidiary somewhere and faced the same dilemma and choice, the “Jim Ranger” decision would be the “precedent” that would be applied); and,
 - His decision did not disrespect the dignity of all others, then his decision would pass the deontological test.
 - Caution here: Some strong arguments can be made here that Ranger’s thinking would not pass the deontological test.
-

Tests of Consequentialism

- Suppose Jim Ranger reasoned that by incinerating the EEG he would not solve the pollution problem of the river since the pulp and paper mill would continue to dump its discharge, and by dumping the EEG into the river he would preserve the livelihood of 50 families.
- Dumping the EEG would pass the test of utilitarianism – the decision to dump would produce the best outcome for the greatest number.
- Suppose Ranger also reasoned that his decision would contribute to the pollution problem, but since no one uses the river for anything, no one would be adversely affected by this decision.
- Dumping the EEG would produce the worse outcome for the fewest number and the decision would therefore pass the test of negative¹⁴ consequentialism.



I would accept another outcome than dumping the EEG as long as it is not the status quo (i.e. maintaining the transportation option) because the status quo leaves the company in a precarious financial situation, possibly leading to bankruptcy. If a student has difficulty with the justice test and / or the deontological test (after all it is intuitively difficult to accept that a CEO would discharge toxic waste into a river without governmental authorization, even if dead) and the student comes up with another solution that makes sense, accept it if it is a complete and convincing analysis largely based on the facts of the case.

What is important and needs to transpire in the report is the ability to frame the problem and apply the decision model by drawing from the facts of the case and making reasonable assumptions. The decision should be convincing.

Grading: 30 points are possible for capturing reasonably well the above. Look for a logical, structured argumentation that closely applies the decision model. Facts from the case should be evident and used in the analysis and assumptions. Partial marks are permissible at marker's discretion.

- 25-30 points: Excellent, very comprehensive analysis, substantiated by case facts.
- 20-25 points: May be a slight oversight or minor fault, but reasonably complete analysis
- 15-20 points: Evident weakness. Major points missed or portions of the model not applied or skipped. Case facts absent or misinterpreted.
- Below 15 points: Sloppy analysis, imprecise, all over the place, incomprehensible, no or hardly any facts from the case.
- **In addition remember the above guidance:** the answer should identify the stages adequately. If this is not done or if the student's presentation is structurally deficient, illogical or difficult to follow, **deduct up to 10 points at your discretion.**

END